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EDITORIAL

As We See It

One of the post-election resolutions of one of the most influential members of the Democratic party, Senator Johnson of Texas, is "to face up to the high interest rates which are slowing the necessary growth of our economy." Unfortunately the Senator does not make it clear precisely what he means by the phrase, "to face up." If he means merely to accept the common dogma among all too many politicans that current interest rates are unduly burdening business and that the necessary and sufficient remedy is to be found in tinkering with the credit system of the nation, there is reason enough to be disheartened with the outlook. If he means to imply that rates of interest higher than the purely artificial rates created by the New Deal are to be expected, and that the Democratic party plans to go on from there, the situation is quite a different one.

These complaints about high interest rates are always disturbing because they always seem to imply advocacy of remedies which in the end can hardly fail to spell disaster. They also always seem to reveal utter lack of understanding—if not sheer misunderstanding—of what it is that fixes interest rates in a normally operating private economy. If a would-be home owner finds that he must pay a higher rate of interest than he would prefer to pay, it is always so easy to convince him or his representatives in Washington that the fault is to be found with the banking system or with Federal Reserve policy—or perhaps with the Federal Government itself. Much the same is to be said of a situation in which interest rates add appreciably to the cost of buying an automobile or some other durable goods on

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Competitive Coexistence —Without Competition

By MELCHIOR PALYI
Chicago, Illinois

Timely insight on the pitfalls and the facts regarding trade with U.S.S.R. is Dr. Palyi's response to those who greet every trade offer with wild enthusiasm. The internationally known economist criticizes those who uncritically accept Krushchev's extrapolations of output; compares our generous but wasteful and inefficient foreign aid to the Soviet's; and advocates a "universal boycott" as the West's answer to Soviet dumping. Concludes the U.S.S.R. system may be technically progressive but contains limited capacity for world market competition—despite their garnering of $25 billion in foreign aid in one form or another, excluding forced labor and know-how exacted.

The Bolshevist Empire controls one-third of the world's population, with gold reserves, natural resources, and industrial capacity second only to the United States. But it was responsible in 1957 for a pitiful 3%—maybe 3½%, smuggling included—of world trade; and that was an all-time high of Soviet foreign business in money terms (leaving aside the intra-Soviet exchange). In physical volume, the West's trade with the Iron Curtain countries still is about 50% below that of 1929 with the same area. In the current year, East-West trade shows definite signs of decline. At that, trade with the Soviet bloc is hamstrung in 240-odd bilateral clearing agreements, a system of rigid barter combinations*—manipulated in their own favor. Naturally, the bargaining power of a state monopoly is superior to that of the individual Western trader. Time

Dr. Melchior Palyi

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*Cf. R. F. Mikesell and J. N. Behrman, *Financing Free World Trade With the Sino-Soviet Bloc*, Princeton University, 1958.

Quarterly Investment Company Survey

Funds Buy Aggressively Midst Market-Business Rise

By A. WILFRED MAY

Analysis of investment companies' portfolio operations during third quarter reveals general turn from defensive issues toward cyclical beneficiaries of general business recovery. Portfolio proportion of cash items and defensive senior securities substantially reduced by both stepped-up purchases and appreciation of equities. Industry groups particularly favored include airlines, motors, coal, drugs, electricals and electronics, papers, rails, steels and textiles. Royal Dutch best-bought issue. Selling mixed with buying in farm equipments, banks, beverages, containers and glass, finance companies, foods, aluminums and coppers, natural gas, domestic oils, utilities, tires, and tobacco.

[Tables appearing on pages 23 and 24 show Fund's comparative investment positions; total common stock and other securities transactions; and individual common stock transactions by industry groups.]

For the first time in quite a long interval investment company portfolio policy during the third quarter pursued the course of the stock market and business. Whereas fund managements, more often than not, had maintained judicious defensiveness throughout the great bull market's immediately preceding quarters, they decisively increased their common stock holdings during the period ending Sept. 30, while the Dow-Jones Average was advancing by 54 points, a full 11%, to a new all-time high.

Only 19 investment companies sold on balance against 52 buyers, with 4 stand-offs; contrasted with 27 net sellers in the June quarter and 32 during the March period of considerably lower market levels. Particularly heavy buying was, of course, engaged in by the open-end stock funds, of which 29 bought on balance and only 4 sold. Interestingly, a major exception was provided by the closed-end companies, 7 of which were

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

The Security I Like Best

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

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

WALTER RIZZUTI
Research Department
Shields & Co., New York City
Members: New York Stock Exchange

Allied Laboratories

On long term appreciation potential, Allied Laboratories is about as interesting a stock as I know. This company is a small factor in the pharmaceutical field—1957 sales totalled $31.2 million and were swelled by exceptional volume in Salk polio and Asiatic flu vaccines. 1956 sales equalled $22.6 million and in 1952 only $13.5 million. Earnings growth has been even more spectacular. Adjusted net in 1952 was 88c a share and a record $4.59 was cleared in 1957. Not only was the increase in earnings for this period consistent—the compounded annual rate averages almost 40%. Two factors made this record possible. One is the company's small capitalization. Following the issuance of 65,000 shares earlier this year in the acquisition of Campana Sales, there are now only 787,250 ALD common shares outstanding. The impressive growth record was also made possible by the Salk vaccine. Any important new product will naturally have a terrific impact on a company as small as ALD.

Walter Rizzuti

ALD prepped for the difficult biological production of the polio vaccine in veterinary medicines. Actually, prior to the advent of the Salk vaccine, the greater percentage of company sales and earnings came from veterinaries, mainly anti hob cholera sera and vaccines. ALD had also developed a number of vaccines for human use so that when Dr. Salk announced his significant discovery late in 1954, it was one of a handful of pharmaceutical manufacturers able to undertake the challenge of making the vaccine available as soon as possible. That this challenge was extremely difficult is verified by the experience of Cutter Labs. Even after three years' experience, ALD ran into some production snags and had to destroy several batches of vaccine which did not meet required potency standards. These were written off in the second quarter of this year and penalized earnings heavily, 3 cents a share as compared with 82 cents in the first quarter. With the initial contribution of Campana Sales, earnings in the third quarter rebounded sharply to 97 cents. If the third quarter can be accepted as an accurate guide, the company has demonstrated earning power of $4. An argument might be presented that it can. Owing to the importance of the Salk vaccine and the large number of veterinary products, ALD's earnings are somewhat less seasonal than most other pharmaceutical concerns. But its small capitalization can induce leverage both ways and so we will have to wait for a few more quarters to come in.

Campana Sales is a very small proprietary concern whose product list numbers 10 separate items with combined sales total of little more than $5 million. Its best selling product, by far, is Ayds, a candy product which inhibits the appetite. Another interesting Campana product is Pursettes, a catamenial tampon which the company claims is superior to other tampons in that it does away with the need for an application kit and also has better absorbent qualities. Campana not only gives ALD an entry into the sometimes lucrative proprietary field, but also provides an outlet for whatever new proprietary products might come out of its ethical research laboratories. One such product, a cold remedy, has already been handed over to Campana and other new products are believed to be close at hand.

Earlier this year, ALD introduced a new type of margarine product, trade marked Emdee, which helps the body synthesize the cholesterol contained in fats and fatty acids. Medical opinion is fairly well agreed that there is some connection between the cholesterol level in blood serum and blood pressure levels. The theoretical market potential for hypertensive patients is huge, one recent authoritative estimate placing the number of those suffering with high blood pressure in the United States at 20 million. Moreover, Emdee is comparable in taste and texture to butter and other margarines. Still, success is not assured. In the first place, this product is a lot different from ALD's other products. It is presently being merchandised directly to doctors through the regular detail force and sold in drug stores. Price mark-ups are accordingly higher than normal. Here in New York a one-pound can of Emdee sells for $1.00 as compared with 69 cents a pound for butter and 35 cents a pound for margarine. The price differential will undoubtedly prove to be determent to volume sales, at least at first. But since Emdee is not a prescription item, it can also be sold and advertised directly to the consumer through conventional channels. It is currently being test marketed in this way in one large city. More important, ALD has not yet received a patent on its process and if demand develops, competition might be attracted—competition which might be in more familiar waters. However, Emdee's potential cannot be denied.

The Salk vaccine also carried ALD into many foreign countries for the first time. E. B. Shuttleworth was purchased outright in January 1957 and makes the company's line of ethical medicines for sale in Canada. (An older Canadian subsidiary, Allied Laboratories, Ltd., manufactures and distributes the veterinary product line.) Also in 1957, ALD joined with a French firm and an Argentine firm in establishing a pharmaceutical manufacturing concern in Buenos Aires, giving the company access to the huge South American market. Polio vaccine sales were made throughout Europe and the company has had a representative acting as an importer in Italy. It is thinking of opening up a manufacturing operation in that country as a start in the European market. Expansion abroad will obviously be stepped up in the years ahead.

With the blue-chip pharmaceutical companies selling at better than 20 times current earnings, ALD begins to look like a bargain at only 11 times its earnings potential even though this potential has not been proved conclusively. This is not to imply that ALD belongs in the same class with the Mercks and the American Home Products. It might still be a babe in the keenly competitive pharmaceutical woods — but such a babe. It has demonstrated its ability to compete successfully on the most difficult pharmaceutical syntheses. It is beginning to crawl into foreign markets. Its product roster lists over 600 separate items. Its detail force numbers over 300 professional salesmen, which incidentally is unusually large for so small a company and allows effective if not blanket national coverage. It is feeling its way into potentially profitable proprietary markets. It has earnings to warrant substantially higher prices in the immediate future. And don't overlook that small capitalization—if merchandised successfully, a product like Emdee could prove as important in ALD's earnings results as Diuril has been in Merck's and Diuril is the pharmaceutical find of the year. Moreover, nothing prevents ALD from developing important new drugs of its own. If it ever develops one like Diuril, earnings would skyrocket. Rounding out the bright outlook for this company is the snowballing rate of new scientific discoveries, worldwide increases in population and living standards, and clearly evident investment interest in the pharmaceutical stocks.

ALD might be considered a speculation, but at a price in the middle 40's it can hardly be considered too wild a speculation.

This Week's Forum Participants and Their Selections

JOSEPH L. RYONS
Partner, Lester, Ryons & Co.,
Los Angeles, Calif.

Farmers Underwriters Association

Farmers Underwriters Association (frequently called FUA), which was organized in 1928, is the manager of the Farmers Insurance Exchange, one of the principal writers of automobile insurance. For the services the Underwriters Association receives twenty cents of each premium dollar and in return pays all expenses except claims and the cost of adjusting claims. The growth of FUA thus depends upon (1) its success in managing the business of Farmers Insurance Exchange; and (2) its ability to control the operating costs so as to produce a profit from its fixed management fee.

J. L. Ryons

(1) Farmers Insurance Exchange writes insurance on passenger automobiles. Its business has grown remarkably since 1928 from direct premiums written of $176,000 in that year to $96,974,000 in 1957. Assets have risen to $103,661,000 and surplus $38,789,000. While year to year figures on surplus have shown some ups and downs as a result of changing loss problems, total assets have increased every year except 1957, direct premiums written have increased every year but two, 1943 and 1954 (the latter when premium rates were drastically reduced for com-

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The Inflationary Ratchet— Our Gravest Domestic Danger

By WILLIAM A. McDONNELL*
President, Chamber of Commerce of the United States
and
President and Chairman of the Board,
First National Bank in St. Louis, Missouri

As a banker and spokesman for U. S. business, Mr. McDonnell proposes several measures in a program designed to win what he terms is our most important domestic battle — the battle against inflation. This includes tighter spending controls, continued sound monetary policies, tax reform, labor-power-control, a national policy of price stability, and business participation in politics and fostering of better public understanding of inflation. Mr. McDonnell comments on the Treasury's grave problems, notes some businessmen look favorably upon inflation, and calls for vigorous enforcement of competition in labor and product markets and reduced Federal spending as the best way to back-stop Federal Reserve's Monetary policies.

Last Spring, in a talk at Hartford, Conn., I remarked that, "Even in the midst of a recession, our greatest long-term danger in this country is inflation."


W. A. McDonnell

The passing months have done nothing to weaken that opinion. On the contrary, they have bolstered it. There was little liquidation of inflationary pressures while the brief recession was in progress. Some were temporarily abated. Others gathered strength. In addition to that, we underwent a wave of post-sputnik and anti-recession anxiety, during which time we unleashed further inflationary forces which will converge upon us shortly to reinforce the attack upon the dollar.

So while the recession is rapidly withering away, the forces which make for inflation continue to flourish.

Our economy is on the move again. The plus signs out-number the minus. The vista for the immediate future is one of general prosperity as we usually measure it in terms of employment, sales, earnings, wages and profits.

Yes—but what price prosperity? What price prosperity, if at the same time, both prosperity itself and the very foundations of our market system of free enterprise are being undermined by a relentless and malignant disease—inflation?

These are strong words. I intend them to be. Some will say the problem of inflation is greatly exaggerated. Others will say it is the lesser of several other evils. Still others will say, it is inevitable, why not relax and enjoy it?

I frankly say to those who hold such opinions, "You are dead wrong!" Furthermore, I say that we cannot and dare not temporize with inflation. It is the implacable enemy of our system of life and values.

I would like to explain why I feel so strongly about this problem and what I think we should be doing about it.

Discusses Three Aspects of the Problem

More specifically, I shall address myself to three major aspects of the problem:

(1) Why we must wage a determined fight against inflation.

(2) Why we have inflation — though I do not pretend to be a final authority on the subject.

(3) What I think we can and should do to control inflation.

It is well known and well repeated that inflation destroys the value of fixed money claims and capriciously redistributes income from creditor to debtor. Under the sway of inflation, you get back a cheap dollar for the high-priced dollar you loaned out. It shrinks retirement benefits, public and private; it erodes the value of every insurance policy, every savings account, every dollar put into government bonds.

Inflation is rightly painted as the arch enemy of widows, orphans, the aged, educational institutions and all who have fixed incomes or incomes which lag behind an ever-rising general price level. Inflation is simply outright robbery from those least able to protect themselves.

On ethical grounds alone, we cannot condone inflation or shrug it off lightly.

But this doesn't cover all the debits of inflation.

Inflation as a way of life is simply incompatible with a system of private competitive enterprise. It not only interferes with the smooth functioning of the system, but it also is the path to price controls, wage controls and more economic authority in the hands of government. In short, inflation is the alley-way entrance to socialism.

Now, I am not one to see socialism lurking behind every bush — in every activity under-

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*An address by Mr. McDonnell before the 45th annual convention, Mortgage Bankers Association of America, Chicago, Illinois, Nov. 4, 1958.

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Current Business Trends and The Problem of Inflation

By WILLIAM F. BUTLER*
Vice-President, Chase Manhattan Bank, New York City

After assaying the data providing perspective on cyclical trends, Dr. Butler expects the present expansion will continue through 1959, and that full-capacity and high employment will not be reached until late in the year or early 1960. In discussing factors that may upset these predictions, the banker-economist doubts tight money and rising interest rates will be a major factor in checking recovery, believes we are crying "Wolf" prematurely with regard to resumption of inflationary spiral, but does contend the greatest danger "is that we shall blunder into a speculative boom—like the 1920's." With regard to the latter, he states the stock market is high by all historic standards, and believes that at least in the long run—though not in the short run—we can simultaneously and successfully cope with Communist external threat and inflationary internal threat.

I propose to try to do two things. First, I'll try to provide some perspective on current business trends. Secondly, I'll attempt to say something profound about the problem of inflation, probably with little success.


William F. Butler

Gross National Product, Industrial Production and Prices give the overall picture of where we are and how we got there.

In 1954 and 1955 we had a rapid advance in production as we recovered from recession.

Then industrial production and GNP in constant dollars leveled out. However, prices, which had been stable from mid-1952 through mid-1956, started to rise. Thus, dollar GNP continued to rise, but real production didn't. The economy's productivity — output per man-hour — which usually rises about 2½% per annum, showed very little gain in 1956 and 1957. Our great growth economy went through a period of almost two years of high-level employment and no growth.

Industrial production turned down late last year and dropped 13% in eight months. During the declining phase of the recession, the press resounded with prophecies that the great postwar depression was finally upon us.

Such prophecies proved ill-founded. As the data show, we have had a very rapid recovery since the April low. If this was the deepest postwar recession, it was also the shortest. Virtually every significant business indicator now points to a continued advance in the months ahead.

Why did we have a recession and why are we coming out of it with such alacrity? We had a recession for the very reasons we usually have recessions. In general terms, a number of things got out of balance in the 1954-1957 period. For a lot of complicated reasons, productivity did not rise at its normal pace. Industrial capacity was expanded faster than the rise in demand. Inventories were built up. And we had price inflation and efforts on the part of government to deal with it. As a result, it was necessary to go through an adjustment period to reach a new balance.

The profile of demand shows how these adjustments were worked out. The major areas where demand declined were:

(1) Business expenditures for new plant and equipment dropped about one-fifth, or $7½ billion at annual rates;

(2) Consumer purchases of durable goods dropped 10% or about $4 billion, largely because the auto industry had a sales year that can only be termed as disastrous;

(3) Exports and government expenditures for national security both turned down.

(4) As a result of these trends businessmen, almost to a man, turned to cutting inventories with great enthusiasm. Actually, this was the biggest element in the decline in orders and production. In the third quarter of last year business was adding to inventories at a $2 billion a year rate. In the first quarter of this year, inventories were being used up at a rate of almost $10 billion. That's a reduction in demand of almost $12 billion.

Finds Vigorous Recovery Surprising

In view of adjustments of these dimensions, the surprising thing is not that we had a recession—it is rather that the recession has been halted and a vigorous recovery is underway. That such a propitious state of affairs prevails is a result of trends in three areas:

(1) Consumer income has been maintained. Unemployment insurance, old age pension payments, higher wage rates and a good year on the farms were major factors in checking the drop in income and promoting renewed rise. With their incomes maintained, consumers continued to spend for nondurable goods and services.

(2) Government expenditures hit their low in the first quarter of this year and then increased.

(3) The shift to easy money helped stimulate housing and reduced the pressure to liquidate inventories. The dramatic increase in housing starts was stimulated by special government action to pump money into mortgages.

Inventory Buying Resumption

As a result of these trends, the rate of inventory liquidation has slowed markedly and the decline in business investment in new plant and equipment has run its course. As is usual, cutbacks in business inventories and investment went too far. The pell-mell rush to cut capital expenditures and inventories in late 1957 was comparable only to the dash for the storm cellars at the first warning of a tornado. The tornado blew itself out, so business is again buying in normal fashion to meet inventory needs and is upping capital expenditure programs.

The about-turn in inventory buying has been the major factor in the dramatic upturn in business activity. The pressure of inventory liquidation slowed markedly in the second and third quarters—and this means an upturn in actual orders from the first quarter low. In addition, housing, government expenditures and consumer purchases have moved ahead, supporting the general advance. And the decline in exports and new plant and equipment has halted, with every prospect that both will move higher next year.

Sees Expansion Continuing

Consequently, it is my personal view that the expansion will continue through 1959 and perhaps through 1960 and into 1961 as well. Our economy appears to have established a business cycle pattern in which periods of expansion last about three years while the recession phase lasts 12-18 months. Parenthetically, this pattern is not greatly different from the average of past business cycles.

It now seems clear that we shall regain the previous peak in production by the end of the year. That does not mean the recession is over. Ours is, fortunately, a growth economy. On the average, the economy grows 3-4% per year. As the Alice in Wonderland bit goes, we must run hard to stay even, and we must run even harder to get ahead.

The Next High Production and Employment Level

While it is now clear that we shall run very hard next year, it

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*An address by Dr. Butler before the American Management Association, New York City.

Canadian Natural Gas Pressures and Prospects

By DR. IRA U. COBLEIGH
Enterprise Economist

Containing a few comments about the recent Borden Commission report; a capsuled projection of the expansion of natural gas usage in Canada; and notes about a few companies and securities which are the logical beneficiaries of such expansion.

When an important group of competent citizens, such as the Borden Commission in Canada, has been assigned the task of formulating a long range program for the development of a natural resource in the national interest, the results of its lucubrations are eagerly awaited; and its official published report regarded as definitive whereas, in fact, it is only advisory. When the Borden report emerged, the first impression seemed to be that it tended to restrict the Canadian natural gas industry, and limit the exportation of gas to the United States. And natural gas shares sagged in deference to this interpretation.


Ira U. Cobleigh

Actually, however, as the Canadian Prime Minister pointed out, the report contains only recommendations which may, or may not, be officially implemented. And the overall sense of the report seems by no means so "bearish" as appeared at first blush. The Commission wants to be sure that enough native gas is retained (i.e. not exported) to provide for all the long-term needs of Canada; it was critical of certain export contracts already made, sought their cancellation, and favored a higher export price structure. It was for regulation of gas pipe lines—a sort of regulation which has certainly not inhibited growth of gas pipelines in the United States. Finally it took the view that in contemplating future exports, the whole petroleum package be considered—not just the natural gas drawn to the surface, but the effective use and marketing of such byproducts as sulphur and LPG. So, while the report may seem to some restrictive and cautionary, it is not really as negative as many have concluded; and much of the impact of certain recommendations may be lost in the translation from the report into official policy.

Canadian Delhi

Meanwhile, it is possible to view a rather broad range of Canadian natural gas securities now selling considerably below highs reached from six to eighteen months ago. An interesting package of such is found in a single security, the 5½% Secured Debentures of Canadian Delhi Oil Ltd. due May 1, 1973.

Canadian Delhi is engaged in the exploration for and production of natural gas and crude oil, principally in Canada. It played a major and pioneer part in the creation and financing of Trans-Canada Pipe Lines and of Quebec Natural Gas Corp.; and because of that, acquired early and at favorable prices, sizable equities in these companies. A substantial amount of these share holdings makes up the collateral securing the 5½% debentures of Canadian Delhi, aforementioned. There are $10 million of these 5½s due 1973. They are not only the direct obligation of Canadian Delhi Oil, Ltd. but specifically secured by deposit with the trustee of 315,463 shares of Trans-Canada Pipe Lines common (now selling at 30½) and 140,000 shares of Quebec Natural Gas (now selling at 24½). The indicated market value of the specific collateral behind this $10 million in bonds is thus about $13 million at current prices. (Both Trans-Canada and Quebec Natural Gas should be able to earn and pay dividends of $1 a share in 1962; and at a higher rate in ensuing years.)

An unusual convertible feature pertains to these Canadian Delhi 5½s. Each $1,000 bond is convertible into a share package consisting of 70 shares of Canadian Delhi (quoted at 8½), 14 shares of Quebec Natural Gas and 5 shares of Trans-Canada Pipe Lines. This group of shares has a market value at the moment of about $960 against a quotation of $1150 for the 5½% bonds; but the speculative possibilities created by these equities in the next three years are quite intriguing.

Trans-Canada has built the world's longest gas pipeline bringing gas East from Alberta to Toronto and Montreal. Quebec Natural Gas holds the franchise to distribute natural gas in an almost completely undeveloped market in and around Montreal. The large population, the high level of industrialization, and the cold climate (with huge heating demand) create a terrific market expected to consume 50 million MCF of gas in 1962. Get the full detail about Canadian Delhi, these debentures, and the related common stocks, if you're interested in forward-looking Canadian gas securities.

The presence of a pipeline running through rather sparsely settled country provides somewhat of the same tonic effect to economic activity in an area today that the building of a railway line did in an earlier era. Thus, thousands of square miles in the Province of Ontario, astride the Trans-Canada Pipe Line, seem destined for industrial expansion in the next decade. Already two interesting companies formed to draw gas from Trans-Canada and distribute it locally, are actively and eagerly on the scene in a broad terrain north of the Great Lakes.

Northern Ontario Gas Co.

The larger of these is Northern Ontario Natural Gas Co. Ltd. Incorporated in 1954, it was quite completely financed in 1957, with $12 million in first mortgage bonds, $8 million in subordinated debentures and 1,279,400 common shares outstanding. The company was formed to construct and operate natural gas facilities to serve an extensive area in Ontario along the route of Trans-Canada Pipe Line for about 1,100 miles from the Manitoba border to within 65 miles of Toronto. Along this route lie 34 towns having a total present population of a little over 300,000. Northern Ontario has the natural gas franchise in 23 of these communities. The big industries served are mining, pulp and paper, and Northern Ontario already has large long-term contracts with International Nickel at Sudbury; Abitibi Paper at Port Arthur and Fort William; Great Lakes Paper at Fort William; Spruce Falls Power and Paper Co. at Kapuskasing. On the horizon are possible contracts for servicing the uranium district at Blind River and the Steep Rock Iron Mines. Total projected sales for 1959 are in the order of 29 million MCF. This is a unique growth situation and the shares have had a romantic swing in 1957 between a low of 8 and a high of 29¾. Today's price is around 15½.

Lakeland Natural Gas Co.

A somewhat smaller enterprise, also built as a distribution company, is Lakeland Natural Gas Ltd. Its territory runs for 200 miles along the route of Trans-Canada Pipe Line (which will supply the gas) from Port Hope, Ontario (60 miles east of Toronto) to Cornwall (75 miles west of Montreal). The area is rather sparsely settled now with 21 communities to be served with a present population of above 150,000; but because this geograpic belt runs along the St. Lawrence Seaway and the Trans-Canada Highway, a rapid growth is expected. Industrial customers already include Eldorado Mining and Refining at Port Hope, Steel Co. of Canada at Gananoque, and Central Bridge Co. in Trenton. Franchises in a number of other towns and cities along the way are being sought.

Lakeland has outstanding $7 million in 6% debentures due 1982, followed by 1,387,066 in common stock quoted currently around 3½.

Great Northern Gas Co.

Switching now to West Canada, there are two gas companies of especial interest. The first is Great Northern Gas Utilities, a holding company controlling a group of companies which distribute natural, propane or manufactured gas to 61 communities scattered over Alberta, British Columbia and Manitoba. Electricity is supplied, through one subsidiary, to Yellowknife N.W.T. and Great Northern owns additionally one-eighth of the outstanding common (174,200 shares) of Lakeland Natural Gas already discussed.

Great Northern has a rather complicated financial structure with two series of debentures, two series of preferred stock, two series of warrants (the "A" entitling purchase of common at $5 to Dec. 14, 1958, then rising $1 per share per year to $10; and the "B" series permitting purchase of common on a rising scale from $7 till Sept. 14, 1960, up to $12 to Sept. 14, 1965); and 687,388 shares of common now selling at 6½: Net earnings per share for six years ended Dec. 31, 1957 rose from 10 cents a share for 1952 to 57 cents last year. 1957 market high was 10⅝. In Great Northern Gas you have a quite seasoned company with a rising trend in earnings and a service area capable of great industrial expansion.

Inland Natural Gas Co.

Finally, we'd like to outline briefly Inland Natural Gas Co. Ltd. with franchises to serve 41 communities in British Columbia and Northwest Alberta extending from the International Border north to the Peace River District. It has exclusive rights to purchase gas from Westcoast Transmission, and since British Columbia has first call on all of Westcoast's gas reserves, the supply factor for Inland is magnificently assured. Further, Inland owns its own 315 mile gas pipeline from Savona to Nelson, B. C., and, through subsidiaries, two smaller lines, Grand Prairie Transmission Co. and Peace River Transmission Co. There are also two producing oil and gas companies. Inland common, which sold as high as 12⅜ in 1957 represents an interesting speculation at 7¾. (There are also warrants to buy Inland common at from $7 to $16 per share till Nov. 15, 1967, and 5½% debentures convertible into common at $8.50.)

The foregoing provide some idea of speculative opportunities available in Canadian gas securities—in an industry expected to provide 25% of the fuel requirements of Canada by 1980, against around 5% now. And about the Borden report, remember "the soup is never eaten as hot as it's cooked!"

The State of Trade and Industry

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

Steel production this week is expected to rise to the highest level in more than a year at 75.2% of ingot capacity. This estimated figure of output is in contrast to a steady decline in production in each of the weeks, a year ago when the recession was being felt in the steel industry.

The automotive industry the past week has shown definite evidence of hitting its stride by turning out an estimated total of 126,672 units compared with 97,804 and 70,973 units in the preceding two weeks. In an effort to recoup production lost as a result of strikes and restore its new car inventory, presently at a two-year low, the industry has scheduled a record amount of overtime for this month and next.

Car loadings rose slightly in the latest reporting week and lumber shipments increased 4.5% above output.

As for retail trade, broad Electric Day sales promotions and favorable weather in many areas encouraged consumer spending the past week. Trade volume registered a slight increase above the like week a year ago.

The employment situation in the latest reporting week shows that unemployment compensation claims by newly laid off workers in the period ended Nov. 1 climbed 11,000 over the week before to a total of 288,200, the United States Department of Labor noted.

The increase was attributable largely to seasonal layoffs in the food processing, apparel, textile, construction and lumbering industries. A year earlier, new claims rose by about 17,000 in the like week to 278,100, reflecting the beginning effects of the recession, the agency declared.

Idle workers drawing unemployment compensation payments in the week ended Oct. 25 edged down 9,300 from the week before to 1,714,800, the report stated. New claims figures precede statistics on workers drawing payments by a week because benefits are not paid until a week after a claim is filed.

The percentage of idle employes getting payments in the Oct. 25 week remained at the same 4.1% of those eligible as the week before. In the like week of 1957, the 1,258,000 drawing benefits represented 3% of those eligible.

In the steel industry this week "The Iron Age" reports that demand for some steel products has nowhere to go but up. Listing sheets, plate, structurals, bars and linepipe among these products, it points out that standard pipe, which follows the trend in home building, could be a sleeper. Tinplate is not expected to drop as sharply this year as it did in the last two months of 1957, it adds.

Commenting upon the outlook for major steel products, it observes that the auto companies are just now getting into full production on their new models. Early returns from dealers indicate that the public likes what it has seen and is backing this up with orders. Mill sources believe it unlikely that auto firms will cut back on steel buying as they did last year, even if auto buying should fall off later.

A pickup in demand for structurals is long overdue, "The Iron Age" declares. The mills are looking for the railroads to step up their freight car buying and this would bolster the standard structurals market. The outlook for commercial, industrial and public construction also looks good, it continues.

November is expected to show a sharp gain in plate shipments even though shipments to linepipe mills will probably be the worst of the year. Linepipe is expected to start moving upward again next year. Demand for standard pipe could move up sharply in the months ahead. According to one mill, jobbers have cut inventories to the bone and will have to do some heavy buying if they are to build stocks in the months prior to start of steel labor talks, this trade weekly reports.

The hot-rolled bar market has been showing strength over the last six weeks. A pickup in farm equipment building has been a big help. Automotive demand has also improved. Cold-finished bars are recovering more slowly.

The auto market seems to be catching fire, according to reports from Detroit.

"The Iron Age" says that many of the auto plants are working overtime schedules. Chevrolet is aiming for capacity production within three weeks and an indefinite continuation at that level. General Motors is said to be trying to make up before year-end at least half of the four weeks production it lost due to strikes.

The automotive industry has scheduled a record amount of overtime for November and December and 24-month high assembly to recoup its strike production losses and rebuild the new car inventory now at a two-year low, "Ward's Automotive Reports" stated on Friday last.

The statistical service said that thousands of Detroit and outstate auto employes can expect to put in as much as 30 hours overtime in November and again in December, returning fat paychecks to the industry and its suppliers for the first time in nearly a year.

"Ward's" declared that the November-December output target is 1,127,000 cars or more than the 1,113,300 a year ago and comparable to the 1,178,000 achieved in November-December period of 1956.

In effect the auto makers have added 152,000 cars to their original schedules for November-December and seek to recoup 52% of the 289,000-unit loss caused by labor walkouts in September-October.

This trade weekly described the resurgence in production as an attempt to build up new car stocks which on Nov. 1 sank to a two-year low of 380,000 units. The sub-par inventories, chopped by strikes, held new car sales in October to the lowest monthly

Continued on page 36

NASD Nominates Govs., Committee Members


Robert L. Cody


Andrew M. Baird


Claude F. Turben


Wm. H. Claflin, III

Members of the National Association of Securities Dealers in all sections of the country are in the process of electing new Governors and new members of District Committees. The nominees for Governors and places on the District Committees so far selected by the nominating committees:

District No. 1—Governor: Samuel W. Whittemore, Pacific Northwest Co., Spokane, Wash. Committee members: George F. Patten, Jr., George Patten Investment Co., Portland, Ore.; John K. Marshall, Foster & Marshall, Spokane, Wash.

District No. 2—Governor: Robert L. Cody, North American Securities Co., San Francisco. Committee members: Hart D. Wood, Hart Wood & Co., Ltd., Honolulu, Hawaii; John D. Berl, Sutro & Co., San Francisco; Richard M. Davis, Davis, Skaggs & Co., San Francisco; Francis S. McComb, Blyth & Co., Inc., Los Angeles.

District No. 3—Committee members: Edward F. Altman, Stone, Altman & Co., Denver; Harry T. Buchenau, Bosworth, Sullivan & Co., Denver; Gerald P. Peters, Jr., Peters, Writer & Christensen, Inc., Denver.

District No. 5—Governor: George H. Nusloch, Nusloch, Baudean & Smith, New Orleans. Committee members: Joseph P. Minetree, Steiner, Rouse & Co., New Orleans; Harry D. Allen, Merrill Lynch, Pierce, Fenner & Smith, Memphis; G. Shelby Friedrichs, Howard, Weil, Labouisse, Friedrichs & Co., New Orleans.

District No. 6—Committee members: Frank R. Newton, Jr., Lentz, Newton & Co., San Antonio; Jesse R. Phillips, Jr., J. R. Phillips Investment Co., Houston.

District No. 7—Committee members—Clinton T. McCreedy, Paul A. Davis & Co., Miami, Fla.; Julian W. Tindall, J. W. Tindall & Co., Atlanta, Ga.

District No. 8—Governor: Andrew M. Baird, A. G. Becker & Co., Chicago. Committee members: Milton S. Emerich, Julien Collins & Co., Chicago; Merrill M. Cohen, J. M. Dain & Co., Minneapolis; Harry B. Graefe, First of Iowa Corp., Des Moines: Robert W. Haack, Robert W. Baird & Co., Milwaukee; Richard B. Walbert, Blyth & Co., Chicago.

District No. 9—Governor: Claude F. Turben, Merrill, Turben & Co., Cleveland. Committee members: Watson B. Dabney, J. J. B. Hilliard & Son, Louisville; Harvey L. Hawkins, Hawkins & Co., Cleveland; Justin J. Stevenson, Jr., W. E. Hutton & Co., Cincinnati.

District No. 11—Committee members: George Winchester, Laird, Bissell & Meeds, Wilmington, Del.; Walter H. Babbitt, W. H. Babbitt & Co., Pittsburgh; Ernest M. Brown, M. M. Freeman & Co., Philadelphia; Harold F. Carter, Hornblower & Weeks, Philadelphia; Ralph S. Richards, Jr., Richards & Co., Pittsburgh.

District No. 13—Governor: William H. Claflin, III, Tucker, Anthony & R. L. Day, Boston. Committee members: Carlisle F. Morrison, H. P. Wood Co., Boston; Carleton H. Simmons, Hayden, Stone & Co., Boston.

J. Sturgis May Adds

(Special to The Financial Chronicle)

HIGH POINT, N. C.—George E. Ridge has been added to the staff of J. Sturgis May & Co., Security National Bank Building.

Lakewood Secs. Adds

(Special to The Financial Chronicle)

LAKEWOOD, Ohio—Margaret H. Stockdale has been added to the staff of Lakewood Securities Corporation, 14714 Detroit Ave.

Joins Smith, La Hue

(Special to The Financial Chronicle)

ST. PAUL, Minn.—Janet E. Strand has become affiliated with Smith, La Hue & Co., Pioneer Building.

Economic Problems of the U. S. A. —Views From Abroad

By ROY L. REIERSON
Vice-President and Chief Economist, Bankers Trust Company
New York City

Recently returned from a European intelligence gathering trip, Mr. Reierson summarizes top foreign opinions about our economy and is certain we cannot afford to be indifferent to views held about our currency and international trade competitiveness. The banker and economist reports: (1) deep concern held about the danger of inflation for the U. S. A. though the pressures here are less formidable than those in Europe; (2) there is no speculation against the dollar, or fear of our gold outflow, or that we would devalue the dollar—though the dollar remains vulnerable to loss of world confidence so long as we foster inflation; (3) foreign investors are anxious about the turn of events in our capital market and Treasury financing difficulties; and (4) failure to understand why we do not practice anti-inflation measures we preach to others. Hopes we will contain the wage-price spiral to prove genuine determination to maintain our dollar and, thus, restore international confidence in it.

Western Europe has not been importantly affected by the business recession in the United States. Industrial activity has slackened in some countries, notably Britain and Belgium, but a sustained high level of exports, especially to the United States, has helped prevent the spread of the American recession from spreading to the European economy. There are a few who fear that, as in 1952, Europe may be heading toward a recession of its own, but the prevailing mood is one of confidence in a continued high and rising level of business, and this optimism is being bolstered by the smart recovery of the American economy.

Roy L. Reierson

Many bankers and businessmen abroad, however, are voicing concern over some of the trends in the United States economy. While there is general confidence that our recession is a thing of the past and that recovery will continue, there is surprisingly widespread apprehension over the development of an inflationary trend. In fact, although the American investment community, in recent months has given ample indication of its increased sensitivity to inflationary pressures, worries over inflation in the United States seem to be even greater and deeper among our friends in Europe.

Turning the Tables

This international preoccupation with the danger of inflation to the United States is all the more striking since it represents a complete turnabout from the conditions that prevailed in Western Europe, and especially in the United Kingdom, as recently as a year ago. Then, it was Britain which was gripped by inflationary psychology; the bond market was weak; the Treasury was dependent on short-term financing; gold reserves were declining; and the pound seemed in real jeopardy. Comparable conditions prevailed, to a greater or lesser extent, in various other countries of Western Europe.

Meanwhile, however, determined efforts have generally been made to meet these problems; the vigorous use of credit and fiscal policies, together with national wage policies designed to moderate the wage-cost-price spiral, has brought about impressive improvements in Britain and elsewhere; even the French economic climate, long a source of anxiety, seems to have taken a turn for the better. This does not mean, of course, that all of Europe's economic difficulties have been solved, but it is undeniably true that many key countries, and specifically the United Kingdom, now seem to be in better position to cope with the problems ahead than at anytime previously in the postwar era.

In contrast, as seen from abroad, the United States today seems afflicted by many of the troubles which earlier had burdened the European countries. Now it is in the United States that the budget is heavily unbalanced, bonds are in disfavor, the balance of payments is under pressure, and gold is leaving the country. Moreover, our friends abroad are disturbed by what they regard as our failure to apply, so far, the energetic remedies which we have frequently recommended to others.

Concern for the Dollar

The first question asked of an American visitor abroad regards the future of the dollar. It is a hard but undeniable fact that confidence in the United States dollar has weakened throughout the world. Earlier in 1958, distrust of the dollar was based on the premise that the recession then underway in the United States would be long and deep, and that as in the Great Depression of the 1930's, the price of gold would again be raised—that is, the dollar be devalued. Such speculation received widespread publicity at the time, and undoubtedly contributed in some measure to the sustained outflow of gold from this country in the Spring.

More recently, the expectation of an eventual decline in the dollar exchange rate has come to reflect the widespread belief that the persistence of cost inflation in the United States will price American goods out of world markets in one sector after another, impose an increasing drain on our balance of payments, further diminish our gold reserves and ultimately lead to devaluation of the dollar in order to protect our gold stock and make our exports competitive once more. Another conjecture, according to some observers abroad, is that the inflationary strains imposed on our economy will lead to a speculative boom, followed by collapse, depression, and currency devaluation.

It should be stressed that even abroad there is little or no expection of the dollar being devalued in the near future. It is generally realized that the present strength of American business argues convincingly against such a move. Furthermore, it is agreed that the current outflow of gold is no cause for immediate alarm; on the contrary, the United States still has a huge gold stock, and the strengthening of exchange reserves abroad is essentially a healthy development for the international economy. Consequently, there is no important speculation against the dollar at this time, as far as can be detected.

Nevertheless, some central banks prefer holding gold in place of United States dollars, and the dollar exchange rate recently has weakened in terms of the pound sterling, the Swiss franc, the French franc and others. Presumably the recent sharp rise of interest rates in the New York money market will make short-term credit instruments more attractive to foreign holders, help stem the outflow of gold, and strengthen the exchange rate, but it is difficult to avoid the conclusion that as long as our economic climate fosters expectations of inflation over the long-term, the United States dollar will remain vulnerable to loss of confidence in world markets.

Financial Markets

Another development which has evoked keen interest abroad is the turn of events in our credit and investment markets in recent months. The sharp increase in the Federal deficit and the difficulties faced by the Treasury in managing the debt have not passed unnoticed abroad. On the contrary, thoughful students of our economy display considerable anxiety over the market conditions which are compelling the Treasury to rely so heavily upon short-term financing. Supported by ample experience in their own countries, foreign observers are quick to point out that the increased liquidity resulting from such practices greatly enhances the difficulties of the credit authorities in controlling expansion of the money supply and restraining the use of credit.

Some skepticism also is apparent in foreign appraisals of our stock market. There are some exceptions; the Swiss, in particular, have apparently been consistently bullish on American securities. In Britain and elsewhere, however, the predominant feeling is that the stock market here is unduly high in relation to dividends, to current earnings and to realistic earnings prospects. Also, it is stressed that earnings of United States corporations typically provide less dividend coverage than is usual for British equities.

So far, these views have not been translated into active liquidation of American common stocks by British holders, except possibly to some limited extent by the Scottish investment trusts. However, there has been a noticeable reluctance of investors, including institutional investors, to add to their portfolios, and the possibility is being discussed that some investment trusts, which now tend to hold some 45-50% of their portfolios in United States and Canadian securities, may reduce these proportions in favor of European securities.

Underlying this shift in sentiment is the opinion that American business is becoming increasingly vulnerable to rising production costs, which are believed to be moving ahead more rapidly in the United States than in Britain or most other Western European countries. Also, the apparent inability of the United States to contain inflation is raising some questions as to the prospects for United States exports in foreign markets. In Europe, on the other hand, living standards are still low relative to North America, and this is regarded as providing the basis for more rapid economic expansion there in the years ahead than is likely in the United States.

Contrasting Economic Policies

The British in particular observe that many of the economic problems now faced by the United States are no strangers to them, and the same point is frequently made by bankers, businessmen and government officials from various other foreign countries. Indeed, until well into 1957 the economy of the United Kingdom was probably to an even greater extent under the spell of inflationary expectations than is the United States today. Wage rates had advanced smartly and investment activity was running high. While equities were popular among investors, bonds were in disfavor, and the British Treasury and the Bank of England were being haunted by difficulties similar to those now confronting the United States Treasury and the Federal Reserve. In addition, confidence in sterling was waning and the pound was under pressure.

The changes since then are due in large part to the various policy measures brought to bear upon various sectors of the economy. Credit policy turned aggressively restrictive, with the discount rate reaching 7% last Fall, and this alone went a long way toward bringing inflationary psychology down to earth. Selective credit controls included stringent controls over new security issues of public as well as private borrowers, regulation of hire-purchase (i.e. installment) credit, and ceilings on bank advances. The budget was brought under control and the Treasury at long last agreed to pay borrowers the rate required by the market to assure successful financing. Also, a ceiling was placed on public investment.

Another important, and perhaps decisive, contribution to the moderation of inflationary pressures was the marked slowdown in the rate of annual wage increases that came with the easing in business and the increase in unemployment in the past 12 months. Wage increases in Britain, as elsewhere, have for many years been running ahead of gains in productivity, and this of course has kept the wage-price spiral active. Competent British observers estimate that productivity in their country has been advancing at a rate of perhaps 3% a year, and that wages have climbed by some 6% in 1956 and 5% in 1957, but only about 3% in 1958. Significantly, influential members of the Labor Party are now said to concede, at least privately, that higher unemployment than prevailed in the recent past is necessary to halt the inflationary trend.

The results have been fairly impressive. Interest in British Government securities has revived and the bond market has recovered. The British Treasury has been able to make progress in funding its debt, using "tap" issues (5¼s of 1974 and 5½s of 1982) with considerable success. The pressures on the British balance of payments have subsided; gold and dollar reserves, which had declined to a disquieting low of $1,857 million in November 1957 have soared to $3.1 billion. The pound sterling has regained strength and esteem in world markets. Moreover, aided by the sag in business, it has become possible recently to relax or remove some economic controls and to reduce the bank rate.

Assuredly, some inflationary pressures are still at work both in Britain and on the Continent. In the United Kingdom, retail prices are still on the rise, some wage-price spiralling continues evident, and investment interest in British Government obligations is by no means exuberant. Furthermore, the recovery in sterling is due in important measure to the significant improvement in Britain's terms of trade. British exports have held up well in price as well as in volume, supported partly by sustained United States buying and partly by the continuing outflow of United States loans, grants and investment funds for the rest of the world. Imports, on the other hand, have been affected by the lower cost of many world commodities.

Some of these advantages are probably temporary; able students of the international economy expect the British balance of payments in 1959 to be considerably less favorable than this year. Nevertheless, it is undeniable that a vigorous economic policy, directed toward curbing the boom and easing inflationary pressures, has made a real contribution to the progress achieved by the economy of the United Kingdom since last year. It is not surprising, therefore, that many friends of the United States in Western Europe ask why we in turn appear so reluctant to come to grips with the problem of inflation.

It is pointed out, for instance, that in Britain, which is still feeling the effects of some easing in business, the discount rate stands at 4½%, whereas the rate in the United States, dispite the vigor of the recovery, remains among the lowest in the world. (The United States rate was 2% at the time these comments were made, but the comparison holds true even after the recent increases to 2½%.) Questions are being raised as to the existence of statutory restrictions which prevent the United States Treasury from taking bold, imaginative steps to deal with the problems of debt management. Above all, there is grave concern over the apparent lack of any success in halting the relentless spiralling of wages, costs, and prices.

Implications for the United States

European observers generally recognize that the lessons of other economies cannot be applied uncritically to the United States. Furthermore, they appreciate that the problems created by inflationary pressures in this country still seem to be less formidable than those that had to be met in various countries of Western Europe. Inflationary psychology in the United States is strong, but it seems to be active mainly in the financial markets, as indicated by the increased reluctance of investors to acquire fixed-income obligations and their greater enthusiasm for common stocks. So far, inflationary sentiments have not noticeably spilled over into commodity markets, business inventory policies, plant expansion programs, or consumer buying intentions.

In addition, it is realized that a good many countervailing forces are at work. Industrial capacity in the United States is more than ample at this time, and industry has repeatedly demonstrated its ability to raise output rapidly and materially if pressures become acute. There is still a pool of unemployment; the rate of hiring so far in the business recovery has not matched the improvement in production and various other business indicators. Hence a return to conditions of hyper-employment may be less imminent than in the course of earlier cyclical upturns of the postwar area. Also, some emphasis is placed on the fact that even the United States economy is not immune to the discipline of the balance of international payments, as evidenced by the continued outflow of gold. Finally, foreign observers note that, in their experience, the general public as time goes on frequently becomes less tolerant of inflation and more willing to support economic policies designed to halt erosion of the purchasing power of the currency; such a trend may develop also in the United States.

It is not easy to give proper evaluation to foreign opinions regarding the American economy; the appraisals of even the most able students of our affairs may occasionally assign undue weight to developments in their own countries that are not readily comparable to conditions here. Also, thinking abroad is by no means uniform. However, this much is certain: as the leading member of the world economic community, the United States cannot afford to be indifferent to the opinions of others regarding our currency or our competitive position in world markets. Even strong general statements of our intentions to meet inflationary pressures carry considerably less weight abroad than the news of measures actually taken. Concrete evidence of genuine determination to maintain the purchasing power of our currency is essential if international confidence in the United States dollar is to be restored.

The key to achieving reasonable stability in the purchasing power of the dollar rests undoubtedly with the containment of the wage-price spiral, which even under present conditions of an adequate supply of labor, materials and industrial facilities continues to nourish and fortify inflationary sentiments. How to deal with this spiral is admittedly not an easy question but the fact that throughout Western Europe it has at least been substantially slowed if not altogether halted suggests that a workable solution is not beyond human reach.

Edward Raymond Opens

(Special to THE FINANCIAL CHRONICLE)

PALMETTO, Fla. — Edward L. Raymond is conducting a securities business from offices at 2203 Sixth Street.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter No. 42—With reports on Geneva Atomic Conference, the nuclear navy, **Philips Lamps** and **Cenco Instruments Corp.** — Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Bank Stocks—Quarterly comparison of leading banks and trust companies available on request— New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Business and Securities—Review—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a study of **Chemical Stocks.**

Earnings Reports—Appraisal—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Glass Industry—Review—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is the current issue of "Pocket Guide for Today's Investor" containing selected lists of stocks, a report on **American Smelting & Refining Co.**, the November "Market Review" containing lists of securities which appear interesting, and the current issue of **"Science & Securities."**

High Long Term Interest Rates — Review — E. M. Saunders Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

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

Mobile Home Industry—Analysis—Plymouth Securities Corporation, 92 Liberty Street, New York 6, N. Y. Also available is an analysis on the **Palace Corporation.**

New York City Bank Stocks—Bulletin on 3rd quarter earnings comparison — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Portfolios—Two suggested portfolios, one for current income and one for long term growth—Bache & Co., 36 Wall Street, New York 5, N. Y.

Puerto Rico — Economic survey — Chemical Corn Exchange Bank, 165 Broadway, New York 15, N. Y.

Stop Order: A Guide for the Careful Investor—Booklet—New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Treasure Chest in the Growing West—Booklet describing opportunities offered to industry by the area served—Utah Power & Light Co., Box 899, Dept. K, Salt Lake City 10, Utah.

* * *

Acoustica Associates, Inc. — Data — Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available are data on **Microwave Associates, Inc.** and **Oil Basin Pipeline Co.**

American Airlines—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available are reports on **New York, Chicago & St. Louis Railroad** and **Cenco Instruments Corp.**

American General Insurance Company—Analysis—Eddleman-Pollok Co., Bank of the Southwest Building, Houston 2, Tex.

American Telephone & Telegraph Company—Analysis—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

Anglo Lautaro Nitrate Corporation—Analysis—Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

Brewster Bartle Drilling Company, Inc.—Analysis—Rowles, Winston & Co., Bank of the Southwest Building, Houston 2, Tex.

Champion Spark Plug Co.—Memorandum—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

Cook Electric Co.—Memorandum—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill.

Corn Products Co.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Diamond Gardner Corporation—Bulletin—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Dominion Tar & Chemical Company Ltd.—Analysis—McLeod, Young, Weir & Company Limited, 50 King Street, West, Toronto, Ont., Canada.

Electric Storage Battery — Analysis — Reynolds & Co., 120 Broadway, New York 6, N. Y. Also available is an analysis of **Socony Mobile Oil Company**, and a bulletin on **Employers Reinsurance Corp.**

Elox Corporation of Michigan—Analysis—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y.

Federal National Mortgage Association—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Fraser Companies Limited — Analysis — Burns Bros. & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada. Also in the same Canadian review is an analysis of **Hiram Walker-Gooderham & Worts Limited.**

General Motors — Memorandum — Orvis Brothers & Co., 15 Broad Street, New York 5, N. Y.

Halliburton Oil Well Cementing Company—Review in current "ABC Investment Letter"—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. In the same circular are data on **International Harvester Company, National Distillers and Chemical Corporation, Roadway Express, Inc.,** and **Ketchum & Co., Inc.** Also available is the current tabulation of Amott-Baker **Real Estate Bond and Stock Averages.**

Illinois Power Company—Review—First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Lakeland Natural Gas Limited—Analysis—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

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

North American Refractories Company — Bulletin — Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y.

Precision Transformer Co.—Analysis—John R. Boland & Co., Inc., 30 Broad Street, New York 4, N. Y.

Pure Oil Company—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also in the same circular are data on **Standard Coil Products.**

Shamrock Oil & Gas—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Southern Pacific Company—Review—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

Standard Oil Products—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are analyses of **Universal Cyclops Steel** and **Interchemical Corp.**

Temco Aircraft Corporation — Nine months report (1958) — Temco Aircraft Corporation, Department CF-3, P. O. Box 6191, Dallas 22, Tex.

Trail Mines, Inc.—Bulletin—Cleek-Tindell Co., Inc., Paulsen Building, Spokane 1, Wash.

Twentieth Century Fox Film Corp. — Analysis — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

U. S. Treasury Bills—Range of yields, with corresponding prices on "Tax Anticipation Series"—Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

Westinghouse Electric Corporation — Analysis — Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Westinghouse Electric—Bulletin—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

COMING EVENTS

In Investment Field

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

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

April 1-3, 1959 (San Antonio, Tex.)
Texas Group of Investment Bankers Association of America annual meeting at the Hilton Hotel.

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

Ogden, Wechsler Opens Inactive Secs. Dept.

Ogden, Wechsler & Co., 39 Broadway, New York City, announce the opening of a department specializing in inactive securities under the direction of James B. Durnin. Mr. Durnin has specialized in this field for over 25 years.

James B. Durnin

Mabon & Co. Opens Federal Fund Dept.

The firm of Mabon & Company, 115 Broadway, New York City, members of the New York Stock Exchange, have announced that they have established a department specializing in Federal Funds under the direction of Joseph C. Nugent, a partner, and John J. Gessner.

Federal Funds are normally loaned and borrowed among the banks to adjust their reserve position at the Federal Reserve Bank. They are also used by Government dealers to settle their day to day transactions and to finance their inventories.

Mabon & Co. was established in 1892.

Massachusetts Agency Appoints Syndicate to Underwrite Bonds

William F. Callahan, Chairman of the Massachusetts Turnpike Authority, has announced the appointment of a management underwriting group headed by F. S. Moseley & Co., and including The First Boston Corp., Blyth & Co., Inc. and Tripp & Co., Inc. to undertake the financing of the acquisition of the Sumner Tunnel and the construction of an additional tunnel between Boston proper and East Boston.

The Massachusetts legislature during the last session provided for the Authority taking such action through the sale of tunnel revenue bonds.

Utility Problems During Inflation

By HERMAN L. GRUEHN*
Vice-President, Baltimore Gas & Electric Co.
Baltimore, Md.

While utilities are still in their "strong years," they must now solve the problems of maintaining "financial soundness" in the years ahead, Mr. Gruehn avers in discussing the effects of large growth, inflation, and the leverage which inflation exerts on the financing of expansion. Concerned about continuance of freely flowing new capital at a reasonable cost in an adequate amount, the utility official reviews difficulty of rate base determination and impossibility of relying on rate of return, deficiencies in our accounting system, and in applicability of "accelerated" depreciation as compared to "economic" depreciation, in a period of inflation. He compares the French and even our railroad experiences in coping with the effects of inflation and appeals for right answers in determining today's operating costs and selling price to cover full current costs so as not to pass some on to the future, and in maintaining investment attractiveness.

During a recess in a recent rate case hearing a newspaper reporter said to me, "I just don't understand what you all are talking about this morning." I replied that I didn't wonder — and added that if we could restrict that talk to the really essential facts of the Company's problem before the Commission he would not only understand the discussion but he would be interested even if not exactly fascinated, and it wouldn't take long to finish talking, either. But, indeed, I didn't wonder that even a man skilled in writing for the average intelligent citizen could not really feel at home in such discussions as terminal versus average rate bases or imbedded costs of money (whatever that is), or the distinction between reproduction costs and current costs, or accrued depreciation, or normalized income accounts, or any of the many technical matters which now get into the record of a carefully conducted rate case before a thorough public service commission.

Herman L. Gruehn

Perhaps we have not yet mastered well enough the art of successfully presenting to the public the essence of a complex industrial story. For example, I doubt if our customers understand how amazing has been the performance of our gas and electric industries in holding down the price of their products, particularly during the postwar inflationary period. Probably the performance of my company is not substantially different from that of the gas and electric industries as a whole; but the fact is that we have been selling our products for a bit less in the aggregate than if the price schedules at the bottom of the depression in 1932 were still in effect, and at only slightly above the levels in effect in 1945 before the present inflation began. Matched against all that has happened to our costs during the interim — to wage levels, tax levels, coal and oil prices, equipment prices — that performance is a bit spectacular, in my book. Is this not the kind of essential fact which the public should know at the time our selling prices are up for judgment?

It seems to me that a continuing pressure of several large forces upon our gas and electric industries is going to make it necessary during the next decade or so to re-emphasize a few fundamentals of our business, and perhaps to evolve a few new approaches to rate regulation, and most certainly to find a way of getting our public to better understand our problems and proposed solutions. One of these forces is continuing inflation. Another is the foreseeable large growth in the volume of gas and electricity which must be supplied. The third is the leverage which inflation exerts upon big expansion, for this interaction becomes a force in itself and has many ramifications.

*An address by Mr. Gruehn before the American Gas Association Convention, Atlantic City, N. J.

Bond Yields Adjusted for Inflation

What about inflation? The decreasing value of money has been a major fact in our economic affairs for quite a period, and particularly so since the close of World War II. It has not been soley an American but rather a world-wide phenomenon, and is political as well as economic in nature. Thus, the Annual Report of the Bank for International Settlements indicates that for the postwar period 1946 to 1956 the annual rate of depreciation in the value of our dollar has been 3.7%, whereas the annual yield on government long-term bonds has been about 2.2%. In other words the rate of decline in the value of the money has been about 1.7 times as much as the return on the money. And about the same relationships which occurred in Denmark, England, Sweden, Netherlands, Norway, Italy; the depreciation has been less in Switzerland, but much more in France, Incidentally, a 3.7% compounded rate of depreciation in the value of the dollar is equivalent to a 50% rise in prices every 11 years —a more striking way of measuring how fast inflation can "creep."

Whatever the causes, and while we apparently can have periodic chills during our fevers, a continuation of the economic disease called "inflation" seems to be the likely probability for some years to come.

What about further growth? The public's need for energy in the form of electric power has been more than doubling every 10 years on the average, for half a century. Various skilled forecasters say it will continue to increase at that rate for a number of years into the future. About the same story applies to the public's use of energy in the form of gas: last year it was about 2½ times what it was 10 years before and five times what it was 20 years before. For both gas and electricity these increases are respectively on the order of about 7% and 8% compounded annually when measured over three or four decades, and at a rate approximately 10% for the past decade. Compound rates of this magnitude and over so long a period represent a really tremendous economic force and they also reflect a growth momentum that is not likely to terminate soon. Indeed, such statistical tools as are available for the projection of growth curves produce answers which place the possible cessation of large expansion in our gas and electric industries so far beyond the ensuing period for which definitive business plans can be intelligently made that there is little point in trying to forecast when the growth will stop.

Any series that proceeds at compound rates like 7% to 10% reaches big numbers in a hurry. In consequence it should surprise no one that our plants and facilities must again be greatly increased, and that our prospective needs for new capital to pay for them are enormous. The electric industry did not reach $10 billion of Utility Plant until about the mid-1920's. It reached $20 billion about the end of 1949, roughly a quarter-century later. It reached $30 billion only five years later in mid-1954, and reached $40 billion at the end of 1957, only 3½ years thereafter. It obviously takes tremendously more and more money per year to maintain such high rates of growth, even without inflation. In this light one can understand the reasonableness of a forecast such as was made for the electric industry by Mr. Lloyd Brace, President of the First National Bank of Boston, who said last June that "perhaps a fair estimate of the total new construction needs of the investor owned utilities for the eight-year period 1958 to 1965 inclusive . . . would be $40 billion. This would work out to an average annual value for plant expansion **more than double that of the period 1948-1957.** It would likewise be about $5 billion more than the **total** estimated electric utility plant account at the end of 1957."

I have no trouble with Mr. Brace's forecast nor with his statement about doubled needs, because it represents a compound annual increase of about 9%, which is quite in line with what we have actually been meeting for a decade. And while I have no corresponding data for the gas industry, I would not expect to find a substantially different story than for the electric. That story says that there will be a much larger need during the next decade for new capital funds than the gas and electric industries have ever had to obtain in a comparable period of time, even though there is no further inflation.

The Leverage of Inflation

Actually, the leverage of inflation upon big expansion is as I have already remarked, a separate problem in itself. The same piece of equipment to be installed today costs more than the average cost of what is already installed, as I suppose almost any utility's books will show—and a good deal more than the cost of the particular item being replaced. Thus even if the price level increases no further, our industries can expect a rising trend for some time in the average unit cost of the total Utility Plant in service. Further inflation can be expected to produce a larger rise in that trend, with resulting repercussions on costs, selling prices, and finances. I have the feeling that the effect of this third problem may not yet be adequately understood in the areas of management, regulation, and taxation.

The effects of these three forces—large growth, inflation, and the leverage which inflation exerts on the financing of an expansion, come to a head in two very practical arenas—in the market place where new capital funds must be obtained, and before the public regulatory authority where the allowable selling prices for our industries' products are determined. The market place is understandably quite sensitive to what happens in the regulatory arena. Ours is the problem of remaining able to supply our products to our communities in the volumes desired by them, at a price not in excess of the value of those products and as much under that as we can manage, but nevertheless at a price under which the requisite new capital funds will flow freely into our industries so that we can cope with continued growth and change. This point of balance is a pricing problem — essentially a long-range problem of financial management—and it requires the consent of the public and hence its understanding.

The two quantities in which the investor is primarily interested are the return on, and the return of, the capital invested in the utility's operations; and their adequacy determines whether enough new capital, particularly new risk capital, flows into our industry or whether it doesn't. These are, at the same time, the principal items around which revolve most of the difficult discussion in rate-case proceedings. They are also the ones most affected by continued inflation. Getting right answers to these two quantities is the crux of the whole problem.

Inflation Affects Rate Base

Under the customary rate-case methods the allowance for both the return on the capital, and the return of the capital are heavily influenced by the value which the regulatory body places on the capital investment itself. Combined with the rate of return it determines the allowable Operating Income, and combined with the annual rate of depreciation it determines or measures the reasonableness of the depreciation expense allowance. The proper determination of this value—the rate base—is becoming more difficult as inflation proceeds; yet the correct answer is also becoming more insistently important.

Our accounting systems, prescribed by public authority, furnish a great deal of the factual material on which the regulatory process operates, and it was intended that they should. But it is becoming increasingly necessary to recall that a fundamental pre-

Continued on page 34

Management in the Space Age

By THOMAS E. MILLSOP*
President, National Steel Corporation, Pittsburgh, Pa.

On the occasion of being awarded "management man of the year" by the National Management Association, Mr. Millsop declares the answer to problems created by population growth, inflation and defense requirements, is a constant and substantial rise in productivity. In visualizing tremendous requirements posed by the oncoming space age, the head of the fifth largest steel company describes role of management as a principal agent, as well as a subject, of change and, in view of the still more change and faster change to come, sets forth a check list to improve professional managerial performance.

I believe that space by any definition is something we must reckon with in different terms than ever before. Space has acquired a new meaning and actually a new dimension in human affairs. Only a few years ago the theme, "Management in the Space Age," would have sounded to most people like the title of a comic strip. Today, it sounds perfectly sensible and rightly so.


Thomas E. Millsop

We are in the Space Age right now. And **management** is in the Space Age right now. For most of us, at the moment, participation is limited to a craning of necks to see the Sputniks, Explorers and Vanguards, as they pass in orbit. But to a section of management, the Space Age is not a matter of curious interest. These management men — in the companies engaged in work on missiles and rockets—have the job of converting the findings of theory and of the laboratory into the practicalities of production. To them, the Space Age is already an every day reality . . . an immediate and personal problem.

The artificial satellites and the missiles developed so far are but the crude beginning of man's venture into outer space. Now that it has started, we know nothing can stop it. And we know from the whole experience of modern history that progress from this experimental stage will be fast—much faster, probably, than the advance of the Air Age from Kitty Hawk to jet propulsion.

Ever More Rapid Expansion

This is a tremendous thing. Yet it is merely a part of something much larger. The satellites are important. Even more important is the ever more rapid expansion of human knowledge and the motives and incentives which lead modern man to spend huge sums of money and exert titanic effort to make practical use of that knowledge for his own purposes.

This has implications — economic, social and political in nature—that are of world dimension. Some of them, unfortunately, are not the kind that cheer the heart. We are all involved in them—as individuals and citizens—and must be concerned about them. But the accelerated, world-wide growth and use of knowledge also creates conditions that pose a direct challenge to management. And it is these in which we are particularly interested. It is a challenge that management—American management—dares not fail to meet.

As we all know, the atom and the ventures into outer space are just the latest products of that tremendous surge in the application of scientific knowledge — in all fields—which got its true start well within the life-spans of many here tonight. The elders among us can remember when the automobile was a buckboard with a motor . . . the airplane a flimsy contraption of fabric and wood . . . the telephone a rarity in private homes . . . motion pictures something accurately called the "flickers" . . . wireless telegraphy still a thing of wonder . . . radio a crystal with a cat's whisker. We remember the advent of electricity in the home, bringing in its train the flood of conveniences and gadgets that today we just can't live without. We remember the start of central heating, now so widespread and later, of course, the start of air conditioning.

Each of these things—and many others of more recent memory—is a marvel in its own right. In an earlier age, almost any one of them would have been big enough to give its name to a century . . . and, perhaps, would have lasted that long before something else came along big enough to displace it. In our lifetime, they have been so many and they have come so fast that, individually, each is lost in the crowd. We are conscious only of the whole movement and sometimes confused by it as well.

It seems as though the total knowledge of Man, accumulated over thousands of years, was suddenly triggered into an explosion of development—an explosion undoubtedly made many times more powerful by the desperate urgencies of the two world wars. This explosion has changed concepts of time, distance and space; it has literally changed the face of the world; it has changed the conditions of human life everywhere. And the promise of the future is for still more change and faster change.

Management An Agent of Change

The role of management in this development has been active and large. Management has been essential at each step and through all the steps of production and distribution required to convert an inventor's custom built model into practical products in the hands of the final users . . . whether it be automibiles by the million, airplanes by the thousand, rockets by the hundred or atomic submarines by the dozen. So management has been a principal *agent* of change. But it also has been a *subject* of change. The great new developments have no more been susceptible to old concepts and methods of management than to old concepts and methods of production and distribution. And the promise of the future for management is also for still more change and faster change.

I mentioned that space has acquired a new dimension. That is literally true. With the electronic telescope, Man can look into space farther than ever before—millions of light years. With the electronic microscope he can look in the opposite direction — almost down into the heart of matter and can see in this tiny world a prospect of things more wonderful than the ancient alchemists' dream of changing lead to gold. Time also has acquired a new dimension. There are now ways by which time can be measured with fair accuracy back over thousands of years. And in the opposite direction, there are devices that measure and control at the rate of thousandths and even millionths of a second.

Such things may sound rather academic so far as management is concerned. Yet I am sure that each of us can point to recent and important changes in his own plant and business operations that came from outside sources. One simple example: In steel mills, open hearth furnances are now being tapped faster and more safely with implements adapted from the Bazooka of World War II. In National Steel operations, we use radio-active isotopes and also induction heating, the X-ray, television, the electronic eye and other electronic devices—so many, in fact, that we found it necessary to establish a separate electronics department, now staffed with 200 specialists.

Management, too, has acquired new dimensions in space and time and also a new character. Let us consider some of the principal differences between management as it was not too long ago and management as it is now. By taking a sight along these two points — then and now — perhaps we can get an idea of the direction in which management must move into the future and what we must do about it.

The principal difference between management then and now, I believe, starts with these two facts. Formerly, most business was done on a much smaller scale *and* at a much slower pace. Management was adapted to these conditions. The smaller size of business made it possible for one or a few minds to grasp the essential problems confronting management; the slower pace allowed ample time to weigh and analyze critical decisions. Many business concerns were closely held by owners who, in many cases, also held the top positions in management. Business was generally regarded as very much a private matter.

Then came the explosive development mentioned before. Business organizations multiplied in number, grew in size, expanded in diversity. A single owner or a few owners — even extremely wealthy ones—could not provide the kind of capital for the kind of plant and facilities required for the new magnitude of production and distribution. Increasingly, the business organization became publicly owned; the percentage of ownership by any one individual declined. The older, simpler methods of management were no longer adequate. Existing functions of management were subdivided and placed in many hands where before they had been held in a few. Many new functions were created in response to new needs of the business organization. Other new functions were created in response to the tremendous social and political changes in the American environment.

This process of change is still under way. It will continue. Management is in transition from concepts and methods tailored to the particular needs of a company in a particular line of business to concepts and methods grounded on the fundamentals that apply to all business. This, of course, is what is referred to increasingly as the development of "professional" management. It is a change responsive to the needs of our time. Modern management requires a high degree of specialization because of the number, variety and complexity of management jobs. At the same time, good management today requires in every job not only a working knowledge of the whole management field but also a knowledge of many things once considered entirely outside the scope of management.

Today's Managerial Responsibilities

Consider the present range of management responsibility. Management is responsible:

. . . to the stockholders—the owners of the business — for its successful operation.

. . . to employees for wages, working conditions and security and for the relations with employees and their unions.

. . . to customers for prices, quality and service.

. . . to suppliers for fair dealing.

. . . to local, state and Federal Governments for taxes and many other things.

. . . to plant communities for good citizenship.

. . . to the public not only for goods and services at fair value —but also for the continuous improvement and new development that is the only possible source of rising living standards and new job opportunities—in short, Management is responsible to the public for progress.

It is plain from this list of responsibilities that the Manager is truly the man in the middle. He is in the middle of people. That is something I want to emphasize. **Management deals with people.** That is its essential function. It has always been its essential function and will continue to be whatever else may change. Management must deal with people on the basis of their particular interest and often finds that interest in conflict with the interests of others. And it is Management's job not only to run the business but to do it—so far as is humanly possible—in a way that properly recognizes the rightful interests of all the people affected by the business . . . and that's just about everybody.

Now, I want to say here that, in my opinion, Management has done a good job and is doing a good job . . . good enough, certainly, to accomplish its part of the progress achieved thus far. But we all know that there is room for improvement and that improvement must be made. From all indications, the scope, the speed and the diversity of business will increase. The demands on management and, therefore, its responsibilities, will grow larger. Management, of necessity, must turn on itself and its methods the searching eye it keeps constantly on its products and its methods of production and distribution.

Managerial Aims

What should Management aim for? I believe two important objectives are those stated in publications of the National Management Association—leadership and unity. Management needs higher standards of leadership at every level; it needs more thorough integration than we have today from top to bottom. It also needs to steadily improve the quality of knowledge and skill in every management job.

How is this to be done? Books can be and are written on this subject. I have time for only a few observations on certain basic aspects. First, let us remember that Management, too, is composed of people. Management can never be any better than the average of the individuals in it. Second, Management must accept the improvement of management as a do-it-yourself job. Outside help is available from universities and other sources but the inspiration, initiative and direction must be supplied by management, itself. As I see it, here are some of the most important lines along which we must move:

More Careful Selection. Future management will be composed of those coming into it now. New people should be selected in the light of what we know today about the whole range of management responsibility. And we know that mere technical knowledge and skill are no longer enough. To have sufficient people with management potential available, there must be systematic methods for locating and preparing future management materials.

Development. Once an individual starts up the mangement ladder, he should not be left to his own devices. He should be given the opportunity and encouraged, through definite programs, to broaden and improve—not only to prepare for the next higher job, but to increase his understanding of the entire management field and his realization that, as a representative of management, he bears special responsibilities as a citizen.

Integration. The first line foreman should feel and be given reason to feel that he is just as much a part of management as the chief executive . . . that all members of management share the same objectives and responsibilities.

Communication. There must be more effective methods of communicating in both directions, accurately and without delay, the information that management at various levels must have to do a proper job.

You will think of other things, of course. But I believe you will agree that a conscious effort to improve in these particular areas will lead to a general self-improvement of management and better equip it to meet the challenge of the Space Age and the future.

That challenge embraces problems that are appalling in both number and size. In our own country we face the prospect of steady and rapid population growth. We know that the American people will demand continually higher living standards and greater security. We know that the working population will not be larger but smaller — as a percentage of total population—because of longer schooling on one end of the age spectrum and early retirement on the other. We know we will continue to face all the problems sumed up in the word "inflation." We know that throughout the world population is growing at an accelerated pace and that even the most backward countries are suddenly and insistently demanding modern conditions of life. We know that we have and probably will continue to have all the world problems related to our national defense.

These problems, singly and together, threaten our well-being; our very survival. If these is one thing more than any other which can hold this threat in check — can hope to eliminate it—it is a constant and substantial rise in productivity . . . the following of the Biblical injunction to make two blades of grass grow where one grew before . . . in all fields now in existence and in those to come. America can't do the job alone—but it can lead the way. American management can't do the job alone — but it bears a heavy and special part of the responsibility to get the job done.

That is the challenge to American management in this year 1958, the first year of the Space Age. It is the challenge that management must not fail to meet.

*An address by Mr. Millsop at the 35th Annual Conference of the National Management Association, Los Angeles, Calif., Oct. 24, 1958.

Deutschmann to Assist G. M. Loeb at Hutton

Announcement is made that Jack H. Deutschmann will be assistant to Gerald M. Loeb, E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange. Mr. Deutschmann succeeds August B. Rechholtz who has retired.

Prior to coming with E. F. Hutton & Company, Mr. Deutschmann was engaged in investment counsel work in Boston.

Brittin Co. Formed

SAN MARINO, Calif.—Charles S. Brittin is engaging in a securities business from offices at 2275 Longden Avenue under the firm name of Brittin & Co. Mr. Brittin was formerly with Oscar F. Kraft & Co. and Aronson & Co.

Fire and Casualty Insurance Stocks Compared to "Blue Chips"

By JOHN C. LEGG, JR.

General Partner, John C. Legg & Co., Baltimore, Md.

Prominent Baltimore broker-dealer updates previous market action comparison between "blue chips" and high-grade fire and casualty stocks and finds average appreciation is still much higher for insurance stocks. Mr. Legg notes general concern today about market price for blue chips which is not extended to insurance stocks, and envisions encouraging overall profits and dividend picture.

I was the author of an article entitled "The Industry I Like Best" which was published in "The Commercial and Financial Chronicle" issue of December 15, 1949. The purpose of that article was to compare the twenty-year market action of a list selected in 1929 of "blue chips" with that of a group of high-grade fire and casualty stocks selected at the same time. It was assumed that $1,000 had been invested in each stock at the highest price it sold during 1929. The tables then pointed up what each original holding would have been worth at the high prices of the last year in each subsequent five-year period. The results were overwhelmingly in favor of the insurance stocks. It is both timely and interesting to go back nine years and bring the picture up to date. The 1929 through 1949 figures used in the accompanying exhibits were copied from the original article. The only change is that the U. S. Guarantee has been eliminated from the insurance stock list due to the fact it was merged into Federal Insurance in 1953. The newly added columns of the pericds ending 1954 and October 23, 1958 continue to tell an interesting story.

John C. Legg Jr.

	1929	1934	1939	1944	†1949	1954	Through 10/23/58
General Motors*	$1,000	$460	$620	$720	$790	$2,150	$3,350
General Electric	1,000	250	440	400	400	1,440	2,050
du Pont	1,000	460	840	720	1,140	2,940	3,440
International Harvester	1,000	330	500	580	600	810	830
Procter & Gamble	1,000	450	670	600	860	1,520	2,210
American Reinsurance	1,000	520	887	1,074	1,245	2,126	3,141
Continental Casualty*	1,000	225	650	884	1,448	7,535	9,465
Federal Insurance	1,000	576	744	788	1,040	2,204	3,229
Fireman's Fund*	1,000	608	800	1,138	1,814	3,300	2,612
Hartford Fire*	1,000	604	885	1,073	1,737	3,226	3,768
Ins. Co. of North America*	1,000	657	859	1,076	1,810	4,623	5,665
St. Paul Fire & Marine	1,000	603	834	1,254	1,741	3,516	4,199

*Adjusted for rights. †The highs and capital changes of 1949 were calculated in the Fall of that year. All changes which took place in December were credited to 1950.

Insurance Stocks Still Exceed

The original purchase of $1,000 each of the five industrial "blue chips" of about thirty years ago at the very highest price at which they sold in the wild days of 1929 show an average appreciation at the high of 1958 through October 23 of 137% against an appreciation in the insurance stocks of 358%.

Maybe an astute investor would not today choose the same "blue chips" as were selected in 1929 and, on the other hand, because of our continuing research we would not select the same insurance stocks but, by and large, both sets are fairly typical of the issues which could be used for our comparison.

Financial advisers generally are now concerned at the high market prices of "blue chips," largely because of their relation to earnings. The contrary condition exists with the market prices of Fire and Casualty Company stocks which have been depressed by one of the longest bear markets in insurance stock history.

During 1957 and 1958 insurance commissioners in more than forty different states approved increased rates on automobile insurance policies; (In a number of states two or more increases were granted). In addition some changes were made in terms of policies and in a number of companies their commissions to agents were reduced.

Sees Higher Earnings

Also, the various companies have instituted tighter underwriting and expense controls. I now anticipate that the fourth quarter of 1958 and the years 1959 and 1960 will show markedly higher earnings. This is not to say that we expect many of the companies to make money from their insurance premiums during the year 1958. However, I do believe losses will be down sharply from 1957 levels and that a combination of premiums, investment income and tax refunds will produce overall profits in a number of cases. In 1959 all aspects of their business should be profitable for the majority of companies.

A very important fact is that dividends to stockholders of well managed insurance companies are only paid out of income from investments (usually for not more than a maximum of 75% of such income before taxes). Such investment income increases on an average of 10% annually so the companies are able over the years to increase their dividend payments.

Form Kane, Marks Co.

Kane, Marks & Co. is engaging in a securities business from offices at 95 Liberty Street, New York City. Herbert Marks is principal of the firm.

Collin, Norton Branch

KENTON, Ohio—Collin, Norton & Co. has opened a branch office here under the direction of Lewis S. Bixler.

New McCune Office

WASHINGTON, D. C.—C. C. McCune & Company has opened a branch office here under the direction of John C. Cameron. Mail address is P. O. Box 901.

Straus, Blosser Branch

FREEPORT, Ill. — Straus, Blosser & McDowell has opened a branch office in the State Bank Building under the management of Urban T. Leininger.

From Washington Ahead of the News

By CARLISLE BARGERON

Regardless of what Mr. Rockefeller's intentions are concerning the Presidency in 1960, he is in for the greatest build up we have seen. It may not be any of his doing, probably will not. But every action he takes or doesn't take will be commented upon by the army of pundits in the light it has on 1960. Nearly every day there will be some reference to him in the newspapers. They will not let the subject drop.

Carlisle Bargeron

Now the man won a signal victory in New York in his gubernatorial race. He showed he was a great campaigner. But the publicity that attends, not all or even the greatest amount of it, will be because of his campaign ability.

The fact is that every left winger in the country has found somebody with whom to beat Nixon. There is no telling how many persons who voted for Rockefeller in the gubernatorial election did so with this one thought in mind. This is the way to stop Nixon, they believed.

Nixon enjoyed a brief respite from his enemies up until he took the road in the recent election. There were even stories he was a changed and greatly improved man. There was one that he regretted and attributed to boyish enthusiasm his earlier attacks on Jerry Voorhees and Helen Gahagen Douglas in his campaigns against them, first for the House and then for the Senate. I do not believe this. I do not believe that he ever told anyone he was sorry.

In his recent round on the stump his enemies—and they are legion—were outraged. Up to his old smear attacks, they charged. If there was a smear in anything he said I will eat my hat. He hit hard and, although his campaign did not produce results, it was the most effective one that was made. Now, it is safe to say, the bitterness is as intense against him as there ever has been. The so-called liberals cannot mention his name without profanity. I have no record of it but it would be interesting to know how many heart attacks and strokes have occurred in their ranks by the very suggestion of him.

So, from now until 1960, we shall hear a lot about Nelson Rockefeller and his being the man to lead the Republicans out of the wilderness. I do not konw what the outcome will be. But it seems to me that after their experience with Eisenhower, who made the grade, and Wendell Willkie who did not, the G. O. P. leaders will pay scant attention to Rockefeller. He did not run as a Republican in New York. He dissociated himself from the Republican campaign everywhere. He did not once refer to the Republican party. In fact, he wouldn't let Eisenhower make a speech for him and he would not publicly be seen with Nixon. He does not yet refer to it as a Republican victory and, although Republican leaders in desperation claim him, they do so with their tongues in their cheeks.

The general feeling among Washington political observers is that there is not the slightest difference in political philosophies between Rockefeller and Harriman. To have another man like this in the White House, even if he were elected, a fellow who is above parties, it is felt, would complete the wreckage which Eisenhower caused.

There were, of course, many factors which led to the Republican rout but one thing was outstanding: everywhere one went he found local Republican leaders utterly disgusted and complaining about Eisenhower. They were not so much critical of his overall policies but his ignoring of the party.

It may be that there will be a blitzkreig for Rockefeller along about convention time just as there was in the case of Willkie, and by the same people. Willkie had been a Democrat and had a way of saying when challenged as why he had left: "I didn't leave the Democratic party, they left me."

After his nomination he took a delight in kicking Republican leaders in the pants. I have always doubted that he expected to win but he intended to have a good time.

If such a blitzkreig is pulled off for Rockefeller, and is successful, it is my prediction that what is left of the party will be but a shred.

Kullman Governor of NY Security Dealers

At a meeting of the Board of Governors of the New York Security Dealers Association held on Oct. 30, 1958, Robert N. Kullman of John J. O'Kane, Jr., & Co., was appointed a member of the Board of Governors for a period of one year.

Robert N. Kullman

James C. McCormick Sec. of Eppler, Guerin

DALLAS, Tex.—James C. McCormick on Nov. 20 will become Secretary of Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, members of the New York Stock Exchange. Mr. McCormick has been with the firm as corporate security analyst.

Bond Market Outlook and Our Economic Prospects

By W. C. JACKSON, JR.*
President, Investment Bankers Association of America
and
President, First Southwest Company, Dallas, Texas

Investment banking industry's spokesman summarizes what he believes will happen to the American bond market in the next 12 months; indicates why economic prospects are good; and depicts limitations to Treasury's efforts to reduce the floating debt at a time when inflation rules the security market and a major deficit must be financed. Opining that inflation is not inevitable, though we have not taken the necessary steps to prevent it, Mr. Jackson advises the most important step would be to get our fiscal house in order. Certainly not opposed to lengthening the federal debt, the banker outlines six reasons as to why it would be much more difficult for us than it was for Canada to effectuate a major conversion of debt maturities.

We have pulled out of the recession at a remarkably fast rate and all indications are that the trend will continue, even though the rate may be slower and we may possibly experience a temporary "slipping back."


W. C. Jackson, Jr.

The recession of 1957-1958 was the shortest one we have had since before World War I. It lasted only nine months, from July through April. Our two earlier postwar recessions lasted 11 and 13 months. Normally, we bounce along the bottom for a few months before the revival starts. That didn't happen this time. We hit bottom in April and started right up again in May. By August we had regained more than half of the decline in industrial production.

The speed of the upturn has been reflected in similarly sharp changes in the stock and bond markets. Another thing that influenced the markets is the fact that during the recession we got no downward price adjustments. Quite the contrary . . . the consumer price index went up 2.2% during the recession (between July, 1957 and April, 1958), and even the wholesale price index went up 0.9%. The phenomenon of prices rising during a recession did much, I believe, to heighten the fear of inflation, and the present levels of stock and bond prices reflect that fear. I do not believe that inflation is inevitable, but it is clear that we have not yet been able to take the steps necessary to prevent it. The most important step, of course, is to get the Federal Government's fiscal house in order. A $12 billion deficit during a year that looks to be a prosperous one is intolerable. This problem is in Canada also.

Why Economic Prospects Look Good

If we look at the various sectors of the economy, I think I can show why the economic prospects for the United States are good. Looking at the consumer sector, we find that consumer incomes are at an all-time high, even though we have not yet returned to full employment. At the same time, consumer installment credit has been reduced by $700 million during the year. These two factors are being reflected in rising retail sales. We don't yet know what the automobile picture will be, but consumers have more money, less debt, and a brighter outlook than last year, so I think automobiles are bound to have a somewhat better year than last year.

Residential construction has already had a vigorous revival, with August housing starts at the highest level since early 1956. With tighter money in prospect, residential housing may not substantially exceed its present level, but the construction industry will be well supported by the great upsurge in prospect for non-residential construction, much of which will be Government financed, of which highway construction will be a substantial part.

We are approaching a turnaround in the business inventory picture. Inventory liquidation, which accounted for ⅔s of the decline in the Gross National Product during the recession, is slowing down, and we can expect a shift to net inventory accumulation in the coming months. The shift in the inventory picture has been and will continue to be one of the most important stimulants to the economy. The recovery picture was made complete when it was announced that plant and equipment expenditures could be expected to rise slightly in the fourth quarter. There is no evidence that another major capital goods boom is in the offing, but at least the capital goods sector is not going to be a drag on the economy.

Monetary Policy and the Bond Market

Now, as to the bond market . . . we should first consider our monetary policy and, in order to get our perspective in focus, we should start back some 14 months ago . . . on August 23, 1957 to be exact . . . when the Federal Reserve raised the rediscount rate ½ of 1% to 3½%, which was the final blow to the big boom of 1955-57. When they reversed their policy (Nov. 15,1957), they moved very rapidly toward lower money rates, without first preparing the market by pumping in reserves. Thus, they created the appearance of easy money even more aggressively than they created reserves, and these tactics resulted in the fastest recovery in the bond market ever experienced, in terms of volume and relative changes of rates.

During this period the market absorbed a tremendous volume of corporate and municipal bonds. In fact, the first half of 1958 produced the largest volume of public financing on record.

In regards to fiscal policy . . . in the past, when a depression occurred, some deficit would result in the Government's budget, but even in 1953-54, the cash budget was not seriously unbalanced. This year the Government increased spending aggressively to combat the recession and extended the period of unemployment insurance, with the result that the Social Security funds have actually gone over to a net cash outlay. So, instead of having a Social Security fund intake to offset part of the operating deficit, they now have a net deficit in the fund and the cash deficit is greater than the budget deficit.

In 1953 we had the problem of financing the seasonal cash deficit in the second half of the calendar year, and that was also true in the second half of 1954. In addition, we had a substantial tax cut in the latter part of 1954 to encourage business . . . but, in each of these years we were looking ahead to a substantial cash surplus in the succeeding six months (first half of 1954 and first half of 1955), and the deficit financing was largely temporary financing. This year most of the Treasury's cash deficit of the last six months must become a part of our permanent debt, because we cannot expect any large cash surplus in the first six months of 1959. For this reason the Fed must view the current cash deficit as potentially very inflationary. Accordingly, the Fed evidently decided to try to restrict financing of this deficit by the commercial banks, which would have involved credit creation.

Therefore, in June the Fed, as in 1957, again suddenly and vigorously reversed its policy and, again as in 1957, instead of preparing the market by reducing bank reserves, they gave the signal by raising the rediscount rate, from 1¾% to 2%. This was followed by reducing net free reserves from around $500 million to $100 million.

This action happened to coincide with the liquidation of tremendous speculation in Government bonds (estimated by some at $2 billion), which had been encouraged by the rapid rise in prices last winter. Because of the nervous, unbalanced condition of the market when the Fed started its reversal of policy, the bond market has probably over-expressed the Federal Reserve's intention.

Since the October financing of a part of the Treasury's deficit, the Fed has been content to stabilize its policy, permitting establishment of a calmer atmosphere, the purpose being to encourage distribution of the new issues outside of the commercial banks. The danger of inflation still exists, however, and the Fed will continue to combat it. We shall probably see increases in the rediscount rate in the near future.

The next instalment of Treasury deficit financing will be announced within the next few weeks, probably the third week in November, and again the Federal Reserve will probably be prepared to make reserves available for bank underwriting and for seasonal loan increase.

The Treasury is convinced of the importance of extending debt maturities as a measure in preventing inflation, so they will continue to talk of intermediate and long-term financing, which will keep the long-term market nervous and prevent any substantial rally. If they try any long-term financing, they would have to offer at least a 4% rate.

The Treasury and the Federal Reserve in all conscience are in complete accord as to their purpose to prevent inflation, but in procedure they are hurting each other.

The outstanding success of the Dominion of Canada in converting well over half its debt into longer maturities has encouraged many observers to propose that the U. S. Treasury might well undertake a similar operation. It should be appreciated that the U. S. Treasury *has* sold a very substantial amount of intermediate and long maturities during the past 12 months, culminating in the June issues of $1.1 billion 3¼s of 1985 and $6.9 billion 2⅝s of 1965, and it is entirely possible that partial conversion operations will be effected in years to come; but, in my opinion, there are several basic reasons

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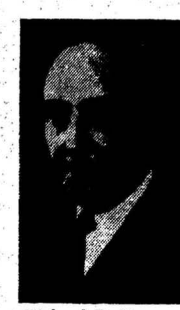
*An address by Mr. Jackson before the Canadian Group of the Investment Bankers Association of America, Montreal, Canada, Oct. 24, 1958.

American Industrial Management And Our Anti-Trust Laws

By RICHARD R. DEUPREE*
Chairman of the Board, The Procter & Gamble Cimpany
Cincinnati, Ohio

Procter & Gamble Board Chairman declares Federal anti-trust laws were being used to shield the inefficient firms rather than to protect the consumers. On the occasion of receiving an award for industrial service to the community, Mr. Deupree calls for a new approach to the question of controls over competition based on three suggested principles which include the designing of legal controls so that they protect the consumers rather than the inefficient producer. The industrialist describes how industrial management has served the entire country in the past years and the reasons this kind of service was possible.

In these days of international tension and a vast array of domestic problems, it seems to me that a man can renew his optimism and revitalize his faith in this great country, *if* he'll only take time now and then to think carefully about those many, many things which made America so strong, so great.


Richard R. Deupree

A careful look at any period of more than 10 years in the history of United States shows clearly that our country has always had a *basic strength* and *a will to get things done* which haven't been matched by *any* country on earth.

Look backward for 50 years, for example. That half-century, incidentally, just about matches my experience in industry, for I started to work for Procter & Gamble in 1905. I think I'm right in saying that never at any other time in world history has there been such progress made in *any* country. Our growth as a country has been amazing.

I'm not going to recite a long list of figures to illustrate the kind of growth and progress we've had in the last 50 years, but I do want to mention a couple of facts about the earnings and productivity of the average manufacturing worker.

Earnings and Productivity

Of course, taxes and inflation have greatly reduced the value of a dollar since 1908, but not enough to keep the average manufacturing employee from being a great deal better off today. His *real hourly income—after* accounting for the changed dollar value—is about *three times* what it was in 1908, when you include some of the many fringe benefits he now receives.

The average employee also has a great deal more job security; his work is much easier and safer, and his working conditions have been vastly inproved. Add all these to that tripled real income and it's easy to see how he is tremendously better off today.

Here's the other fact which goes right along with increased earnings: the average manufacturing employee today is producing *about three times* as much as 50 years ago, although he only works 40 hours a week compared with 57 hours for the worker of 1908.

In that fact of increased productivity is the key to our improved standard of living in this country. Management, aided immensely by scientists, has been responsible for this increase. Through pure and applied research, productivity of man has increased tremendously. It's unbelievable what the world, the United States in particular, owes to this combination of management and scientists. I don't think anything has changed the course of Western civilization more in this century than rising productivity in America.

The future should bring a continuing rise—and it will if Americans show their historical good sense and reject the idea that the standard of living can be raised by wage and salary increases alone—if they continue to realize that the only way we can have a real and legitimate increase in the standard of living is through increasing productivity per person.

Throughout the last 50 years, we have seen inventions — new ideas — coupled with a growing population and the typically-American imagination and spirit, make the United States into practically a new and different country every 10 to 20 years.

We've gone through 50 years which saw two devastating world wars; a third war, localized but still horrible; and the continuing threats of more wars. Even with the terrific cost of defense due to the cold war, even with much of the world including our own country moving toward the theories of socialism, even with taxes at levels undreamed of a few decades ago, the United States has had a fabulous growth and has remained basically sound.

Now *how* have we done all this? *Where* did we get the strength? Certainly there is no "pat" answer, but *freedom* and *character* must stand high on the list.

Using Individual Initiative

In my view, the real strength and backbone of our country lies in a *kind* of freedom we have which isn't duplicated in any other country. That is "freedom of *individual initiative*"—the freedom of the individual to exercise his own initiative in whatever way that seems best to him.

The greatest force for accomplishment which we have, as individuals and as a country, is the right to exercise our individuality, to live by our minds, to set for ourselves goals in life, and to make the fullest use of our talents to reach those goals.

Living and working in this kind of atmosphere results in our people having great individual strength and strong character. Most of our people value character and principle; they have a sense of honor as individuals and as citizens; they have a desire to keep moving forward and to help others keep moving forward.

People of this caliber—by their actions — have created what we call the "typically-American spirit," that *something* which Americans have in more abundance than the people of any other country. It is the kind of spirit which makes us feel confident about our ability to meet the problems of today and of the future.

It has been the *continuing exer-*

*An address by Mr. Deupree after receiving the Gantt Award from the American Management Association and the American Society of Mechanical Engineers at the A.M.A. Fall Personnel Conference, New York City.

cise of freedom of initiative by millions of people which created a genuine industrial revolution in the United States, a revolution not nearly over.

I do not think any *single group* in this country has had such a large role as industrial management in leading the United States through its unmatched growth. I'm including in that group both the men who started and ran their own businesses and the managers of businesses owned by others. And I'm qualifying all of this by saying it has been *enlightened* management; not just management; but management of character.

Many other institutions and other factors in our society have had an important part in this dynamic growth — government, church, education, the professions, etc. But I still believe that industry has made one of the greatest contributions and has provided the *continuity* of progress. Industry — g u i d e d by enlightened owners and managers—has been the *welding force* of the American economy.

Welding Force of Industrial Management

Industrial management has been able to create that "welding force" only because of freedom of initiative. As applied to business and industry, it means freedom to build plants, to employ people, to make and sell useful products, to band people together as partowners through sale of equity (common stock) to finance a new enterprise or expansion, and to make a profit *or* take a loss.

The tremendous expansion in business enterprise in the United States came only because our people, individually or in groups, were given the *incentive* to risk their time and money in *search of profit.* This search for profit through exercise of initiative has been a major generating force in the growth of our whole society in the United States.

Our steady rise of productivity certainly has been generated by that search for profits. And, as I said earlier, I don't think anything in history has had so much influence on Western civilization as increasing productivity.

Unfortunately, in other parts of the world and even in our own country, a lot of people will say that our greatly improved standard of living which resulted from rising productivity is nothing but an *economic* achievement. It's much more than that. In my opinion, the standard of living enjoyed in our country today represents history's greatest *social* and *cultural* achievement.

Because of the major role it has played in increasing productivity, industrial management has, I think, performed a magnificent service for the country which goes far beyond *material* progress. By its deeds, management has also stimulated *cultural* and *social* progress in the United States.

I wish more people really understood the nature and scope of the service industrial managers have performed for the United States, not just in material progress, although that has been substantial and has provided a solid foundation for other progress.

Of course, it might be said that industrial managers really only have *one* job—to manage an efficient business which develops a profit for the owners of the business. That's true as far as it goes. What is perhaps not understood as well as it should be is that managers have accepted and developed important concepts of their responsibilities to society as a whole.

Profits and Public Interest

In their search for profits for owners of the business, for example, managers have accepted the fact that the *profit motive* must

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Port of New York Authority Bonds Offered by Harriman Ripley-Blyth & Co. Group

Harriman Ripley & Co. Inc. and Blyth & Co., Inc. are joint managers of an underwriting syndicate which was awarded on Nov. 12 an issue of $25,000,000 The Port of New York Authority Consolidated Bonds, Thirteenth Series, due Oct. 1, 1959 to 1978, inclusive. The group bid par for a combination of 6s, 3¼s, 3.40s, 3½s and 2¾s, to set a net interest cost of 3.56785% to the Authority.

Public reoffering of the bonds maturing from Oct. 1, 1959 through Oct. 1, 1977 is being made at prices to yield from 2.10% to 3.65%, according to maturity. Bonds maturing in 1978 are not being reoffered.

Net proceeds from the sale of the bonds will be used by the Port of New York Authority for capital expenditures in connection with La Guardia and New York International Airports.

Other members of the offering syndicate include:

Smith, Barney & Co.; Kidder, Peabody & Co.; Lehman Brothers; Lazard Freres & Co.; Kuhn, Loeb & Co.; Goldman, Sachs & Co.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; R. W. Pressprich & Co.; Equitable Securities Corp.; Estabrook & Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; L. F. Rothschild & Co.; Dean Witter & Co.; A. G. Becker & Co. Inc.; Clark, Dodge & Co.; First of Michigan Corp.; Geo. B. Gibbons & Co. Inc.;

Hemphill, Noyes & Co.; W. E. Hutton & Co.; Lee Higginson Corporation; New York Hanseatic Corp.; Reynolds & Co.; Shearson, Hammill & Co.; Spencer Trask & Co.; Chas. E. Weigold & Co. Inc.; Wood, Struthers & Co.; Baker, Weeks & Co.

J. Barth & Co.; E. F. Hutton & Co.; King, Quirk & Co. Inc.; McDonnell & Co.; William R. Staats & Co.; R. D. White & Co.

Briggs, Schaedle Co. Elects Officers

Briggs, Schaedle & Company, Inc., 44 Wall Street, New York City, specialists in United States Government Securities, has announced that John Godson had been made Assistant Vice-President, and Charles A. Leisentitt Assistant Treasurer of the corporation.

Jay C. Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—John P. Zamoyski has been added to the staff of Jay C. Roberts & Co., Third National Bank Building.

News About Banks & Bankers

Guaranty Trust Company of New York was host on Nov. 7 to the Bank's Quarter Century Club, honorary organization of staff members who have served the company for 25 years or more.

* * *

Arthur F. Spellman, a retired Vice-President of the **First National City Bank of New York,** died Nov. 4. His age was 62.

* * *

Henry L. Schenk, President, **Trade Bank and Trust Company, New York** announced the appointment of John A. Murphy as Manager of its 48th Street office, and Arthur L. Farber as Assistant Manager. Mr. Murphy was promoted to Vice-President at the beginning of the year. He succeeds the late Herman G. Cooperman. Mr. Murphy came to Trade Bank as Assistant Vice-President in 1950 after nearly 20 years of service with the **Corn Exchange Bank, New York,** now **Chemical Corn Exchange Bank of New York.** He started in Banking in 1922 with the old **Colonial Bank, New York.**

Mr. Farber previously worked in the Credit and New Business Departments of Chemical Corn Exchange Bank and **Barclays Bank DC&O,** where he began his banking career in 1951.

* * *

William H. Deatly, President of **the Title Guarantee & Trust Company, New York,** and General Otto L. Nelson, Jr., have been elected to the board of trustees of **the Excelsior Savings Bank, New York.** Announcement was made today by Willard F. Place, President of Excelsior Savings Bank.

* * *

Bruce Wood Hall, Chairman of the **Hempstead Bank, Hempstead, L. I.,** has been elected Chief Executive Officer, and Joseph C. Mueller has been named President and a Director. They will fill the posts left vacant by the death of Walter G. Baker.

* * *

William J. Morris, Assistant Cashier, **National Bank of Westchester, White Plains, New York,** died Nov. 3. He was 56.

Mr. Morris was Assistant Manager of the Bank's Eastchester Office, and had previously held a similar post in the Tuckahoe office of NBW.

Starting his Banking career 32 years ago with the former **Huguenot Trust Company of New Rochelle, New York,** Mr. Morris served as Treasurer of that Bank, which later merged with the **New Rochelle Trust Company, New York.**

* * *

Wilson R. Campbell, former President and Board Chairman of **the Farmers and Mechanics Trust Company, Bath, N. Y.,** died Nov. 5. His age was 78.

* * *

The County Trust Company, White Plains, N. Y. has been granted permission to open an office at 622 East Boston Post Road just south of North Barry Avenue in Mamaroneck, Dr. Joseph E. Hughes, Chairman of the Bank, announced on Nov. 11.

The new office will be established in an existing building and the opening has been tentatively scheduled for early January, 1959. It will be the bank's second office in Mamaroneck and 40th in Westchester County.

* * *

Ira D. Emery, 81, President of the **Seabright National Bank, N. J.,** died Nov. 2. He had been head of the Bank since its organization in 1934.

* * *

Charles E. Clifton, 64, President of the **Trust Company of New Jersey, Newark, N. J.,** died Nov. 9.

* * *

Directors of **The First National Bank of Jersey City, New Jersey,** on Oct. 6 recommended to stockholders a proposal under which the Bank would offer stockholders of record on Nov. 19, the opportunity to subscribe pro rata for an additional 17,000 shares of $25 par value capital stock, at $55 per share. There are 143,000 shares outstanding at present.

A special meeting of stockholders has been called for Nov. 19 to vote on the proposal.

Completion of the proposed offer will increase the Bank's outstanding shares of capital stock from 143,000 to 160,000 shares. Of the proceeds from the offer, $425,000 will be added to capital and a similar amount to surplus, raising each to $4,000,000; the balance will be added to undivided profits.

As of Sept. 30, the Bank had total capital funds and reserve of $10,357,525. Total resources on that date were over $174,000,000 and deposits were in excess of $160,000,000.

* * *

The National State Bank of Newark, New Jersey, announced on Nov. 7 that at a regular meeting of the Executive Committee of the Bank held on Nov. 6, the following promotions were made:

Frederick I. Wilson, Vice-President and Senior Trust Officer; George E. Williams, Vice-President and Trust Officer; John P. G. Moran, Trust Investment Officer and Robert G. McCormack, Trust Investment Officer.

At the same time, Alexander T. Kent was named Corporate Trust Officer and Clinton S. Cruse was named Assistant Trust Officer of the Bank.

Frederick I. Wilson has been in charge of the trust operations of the Bank since 1934.

George E. Williams has been associated with the Bank in an official capacity since 1932.

John P. G. Moran has been associated with the Bank in an official capacity since 1953.

Robert G. McCormack has been associated with the Bank in an official capacity since 1955.

Alexander T. Kent has been with the Bank since 1955.

Clinton S. Cruse has been with the Bank since 1928, having been with the **Merchants and Newark Trust Company, Newark, N. J.,** which was absorbed by National State Bank in 1949.

Union Trust Company of Maryland, Baltimore, Maryland and **Reisterstown-Glyndon Bank, Reisterstown, Maryland** merged under charter and title of Union Trust Company of Maryland. The former head office and branch of

Reisterstown-Glyndon Bank will be operated as branches by the continuing Bank.

* * *

Albert Wadsworth Harris, 91, died Nov. 9. He was the son of Norman W. Harris, founder of the **Harris Trust and Savings Bank, Chicago, Ill.**

Mr. Harris entered the employ of his father's investment banking house, N. W. Harris & Co., in 1888. After working through all departments he became managing partner. When the firm was incorporated in 1907 as Harris Trust and Savings Bank, he became Vice-President of the bank and in 1916 succeeded his father as President, a post he held for seven years. He served as Chairman of the Board of Directors from 1923 until 1943 and continued as a Director until 1948.

* * *

By a stock dividend, the common capital stock of **Palmer-American National Bank of Danville, Illinois** was increased from $300,000 to $400,000, effective Oct. 31, (Number of shares outstanding —40,000 shares, par value $10).

* * *

Ellsworth Moser, President of **The United States National Bank of Omaha, Omaha, Neb**, announced the promotion of Arthur W. Knapp from Trust Officer to Vice-President and Trust Officer. He will succeed Casper Y. Offutt, Senior Vice-President, Trust Officer and a Director and member of the Executive Committee and Directors' Trust Committee, who retired from active duty as of Oct. 31.

Mr. Offutt will continue as a Director and has been elected Chairman of the Directors' Trust Committee. Mr. Knapp joined the Bank's Trust Department in 1949. He was elected an Assistant Trust Officer in June of 1950, and promoted to Trust Officer in January, 1953.

* * *

First National Bank of Stuart, Florida, increased its common capital stock from $100,000 to $200,000 by a stock dividend and from $200,000 to $400,000 by the sale of new stock effective Oct. 29, (Number of shares outstanding—4,000 shares, par value $100).

* * *

Permission was granted by the office of the Comptroller of the Currency to **National Bank of Sarasota, Sarasota, Flordia** to open a new Bank. Alan M. Cooper is President and L. L. Prince is Cashier. The Bank has a capital of $500,000 and a surplus of $600,000.

Pfd. Investors Planning

The investment business of George Beckerman, 15 Park Row, New York City, is now being conducted under the firm name of Preferred Investors Planning.

New Zealand Registers $10,000,000 Bonds

The Government of New Zealand on Nov. 7 filed with the Securities and Exchange Commission a registration statement covering an issue of $10,000,000 12-year bonds, due 1970 which, it is proposed, will be publicly offered by an underwriting group headed by Kidder, Peabody & Co.

This will mark the first public distribution to United States investors of New Zealand bonds. New Zealand is a sovereign state and a member of the British Commonwealth.

Net proceeds from the sale will be added to the Government's foreign exchange reserves and later will be applied toward its program of capital works and expenditures. The bonds are direct, unconditional obligations of New Zealand and payment of principal and interest will be made in United States currency.

A sinking fund for the bonds providing for semi-annual payments of $395,000 commencing June 1, 1961 is calculated to retire 75% of the issue by maturity. The bonds will be redeemable at the option of New Zealand after Dec. 1, 1968.

New Zealand is a leading exporter of pastoral products, particularly wool, meat and dairy produce, but in recent years industrial production has accounted for an increasing proportion of national output. The country is the world's largest exporter of butter and cheese and the second largest exporter of meat and wool. Population of the country at June 30, 1958 was estimated at 2,282,000.

The Government's 1959 capital investment program calls for an investment of 85,000,000 New Zealand pounds (U. S. equivalent: $2.80) with principal budgetary allocations for hydroelectric development, housing construction, public and education buildings, telephone and telegraph extension, national roads and railways rolling stock and capital improvements.

Brody Inv. Research Corp. Formed in Denver

DENVER, Colo.—A Denver investor and two Denver University professors, both professors being the chairmen of the Department of Economics and Physics, respectively, have announced the formation of the Maurice S. Brody Investment Research Corporation.

Officers of the new research firm are Maurice S. Brody, President; Professor Alonzo B. May, Vice-President; and Professor Byron E. Cohn, Secretary-Treasurer. Offices are at 801 Security Bldg.

The firm will render supervisory investment advisory service to corporations, banks, investment trusts, pension funds, other institutional investors and substantial individual investors and estates.

Periodic studies will be made on economic, investment and physical resources trends.

Clarke Robertson With Farwell, Chapman & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Clarke J. Robertson has become associated with Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Robertson was formerly with William Blair & Co. in the municipal department. In the past he was an officer of Fairman, Harris & Co., Inc.

Outlook for Gas Refrigerators

By ELISHA GRAY, II*

Chairman of the Board, Whirlpool Corporation

Mr. Gray predicts sales of gas and electric refrigerators together will reach more than four million units in 1961, reversing a declining trend from six million units in 1950 to an estimated 2,500,000 this year. Manufacturer urges gas utilities to push gas refrigerator sales and opines the annual load-building increment will be about $25,000,000 a year, cumulative.

The refrigerator, as a home appliance, reached its peak of sales in 1950, in which year six million units were sold. This figure includes Korean War scare buying, but even so, competent authorities then were estimating that the steady, annual figure of 4 million to 4¼ million units would continue as a base, gradually rising until 1956 when it would be, in their opinion, of the order of 5 to 5½ million units annually. As you know, exactly the opposite has happened. The sale of refrigerators has gone downhill from a peak of 6 million units in 1950 to a point where, this year, the industry will be fortunate to sell 2½ million units. The forecasters have been so unnerved by this turn of events that they now are completely uncertain as to what to expect in the years immediately ahead. You have probably noticed in other situations that when the experts made some gross error, the amateurs rushed in gleefully to make their own confident predictions, spurred on by the thought that they couldn't be any more wrong than the professionals had proven themselves to be.

Elisha Gray, II

My (amateur) version of the reason for the shrinking volume of refrigerator sales per year is a simple one. I do not believe the product has brought forth sufficient technological change to attract customers as other appliances have done. Therefore, the customers' dollars have gone to the more exciting new appliances for the home. Outstanding, of course, is television, which reached nearly 100% saturation in ten years. Laundry equipment, with all of the striking new improvements in automaticity, has taken the attention and the glamor away from refrigerators, because since 1950, we have not added similar new ideas to the refrigerator as an appliance. Further, the usable life of a refrigerator has turned out to be much longer than originally anticipated. Thus, the housewife can rock along for a long time keeping her food cold in an antiquated refrigerator. With the wisdom of hindsight, it is pretty easy to see why sales of refrigerators have gone down and not up in these past eight years of a growing economy.

As a result of these things we now find that there are over 48,000,000 refrigerators in use today, of which more than 13,000,000 have been in service nine years or more. One out of two refrigerators in use today has no frozen food storage space of any kind. Thirty-three million refrigerators in operation today have manual defrosting.

Future Trend of Refrigerators

As to the future trend of refrigerators, I'm convinced that we are soon to see a dramatic reversal of the past sales trends, and the beginning of an upward climb which, in my opinion, will bring the refrigerator volume to a base of more than four million units a year by 1961, and I think it will go on up to five million units a year by 1964.

Let me focus on the salient factors which I believe will create this turnabout. First, of course, there is the underlying thrust of a growing population, and the acceleration of home formations that should begin in 1960 and continue thereafter. Now, in the area of things about which we can do something, I believe the rate of obsolescence of refrigerators will be greatly accelerated in the immediate future. This will be brought out, in my opinion, primarily by three technical developments which will so change the character of the refrigerator that, once again, it will be an exciting purchase for the housewife. As the result of these developments, the refrigerator will again take its place as the leader in home appliances, a place which it relinguished to other appliances about four years ago.

The first development is the automatic ice cube maker which so far has been available only on gas refrigerators. Admittedly, it would be a great sales stimulant for that product alone if it could be kept exclusive. However, one is already on an electric refrigerator, and I am sure they will very shortly be standard equipment on the higher priced electric units. A recent survey showed that 93% of the people owning a gas refrigerator thought the most important feature on it was the automatic ice cube maker.

The second development that is coming fast is that of thin-wall insulation. There are several new developments which suggest that in the immediate future we will probably be able to use 1½ inch or 1¾ inch insulation in the walls of a refrigerator. This will give the designers all kinds of ways to create exciting new concepts of refrigerator configuration to make them attractive to the housewife.

To give you an idea of how big a step this is—a standard 11½ foot refrigerator becomes a 15½ foot refrigerator when it uses 1¼ inch insulation.

The third development will be frost-free refrigeration where all the frost is confined to areas outside of the refrigerator. Therefore, the matter of defrosting is eliminated entirely from the customer's mind.

With these developments and with sales of the general order I previously have estimated, refrigerators will again, in fact, be the keystone of home appliance merchandising. Therefore, it follows that we whose business is concerned with the profitable sale either of the appliance or its fuel, or both, should make plans to aggressively move, and ride, this bandwagon as it gathers strength going uphill.

Now, for a moment, let us thread the gas refrigerator's experience into this panorama. In 1948 almost 400,000 units of the gas refrigerator were sold and this figure represented 8% of the market. That figure has dwindled steadily, as you know, until last year it was almost non-existent. Therefore, of the substantial drop which occurred in total refrigerator sales, at least 400,000 units are accounted for by the demise of the gas refrigerator.

You, and we, have undertaken to reverse that situation and restore gas refrigeration to greater heights than ever. During the past nine months while we have been energetically pursuing this goal, I have had occasion to ask many gas utility people what they thought a proper expectation of the long range sales picture might be. As you would expect, the replies varied greatly. Therefore, in order to crystallize this crusade a little more, I shall venture a target figure of my own. Future developments will prove whether this projection is sound or fantastic.

To make an estimate of the sales levels which can be reached with a gas refrigerator, one first must ask how good a refrigerator it's going to be. Therefore, and this is an over-simplification, let's say that this guess of mine assumes a gas refrigerator which is competitive in first cost, and competitive in its general performance to an electric refrigerator. Such a refrigerator is being developed right now. It is not yet an accomplished fact, but there is a bright gleam in the engineer's eye as he checks its progress. So, to simplify the forecast and provide a basic assumption on which to build, I shall assume a gas refrigerator competitive in all respects with the electric boxes.

Sees 25% of Units as Gas

It is my considered opinion that with a household gas refrigerator such as I have described, the total domestic gas refrigerator market should be one in four. In other words, I believe that 25% of the annual sales of refrigerators will be gas refrigerators. You won't need your Univac, therefore, to see that given a competitive gas refrigerator, I look for more than a million units a year to be sold when the product and the market are developed. It is my guess that it will take five years to accomplish this condition. If such a forecast should be born out, it is, of course, perfectly obvious to you that the merchandising of refrigerators would be a profitable and essential activity for all gas utilities to pursue. When you talk in terms like these, the annual load building increment will be in the neighborhood of $25 million per year, and, of course, it is cumulative.

Now just what is the chance of getting such a competitive gas refrigerator? Here I can make no promises or predictions. I would prefer to report to you the facts as I know them and let you draw your own conclusions. In the case of Whirlpool, we have undertaken to re-create the gas refrigerator on a three-phase basis. Phase one, you will recall, was to reactivate the manufacture of the gas system used by Servel, and make what face-lifting improvements could be made to the cabinet itself. This we have done. I am very happy to report to you that we have shipped 15,000 gas refrigerators to date and we are manufacturing at a rate which meets the current market demand.

Phase two of our program was to put the gas absorption system in the modern, square-look box, in order to gain the economies which could be had by using the same box and assembly facilities as the electrical unit. This refrigerator, the prototype of which is now on display in the Parade of Progress, will be available about the middle of next year and it will be extremely modern. It will use the same refrigerating system which is presently used but it will incorporate manufacturing improvements we have been able to make in the interim. We will change to insulation of a polyurethane nature which will enable us to use the small wall thickness

Continued on page 38

*An address by Mr. Gray before the Annual Convention of the American Gas Association, Atlantic City, N. J., Oct. 15, 1958.

THE MARKET . . . AND YOU

By WALLACE STREETE

With nothing unexpected or untoward showing up, industrial stocks continued this week to forge ahead into uncharted territory never before seen in history.

* * *

Some new faces were among the sturdier issues, including some of the aircrafts after they had been one of the more laggard groups. Lockheed, particularly, jumped into the spotlight when a surprise 2-for-1 stock split was announced. The issue had been lolling in the 50 bracket, toying with its 1958 peak prior to the announcement which galvanized it. It was able to soar to where it could tackle its 1956 peak in the mid 60's.

Split Stimulation

Stock split news was responsible for sending several issues into action, including Rohr Aircraft where a 3-for-2 split apparently was a surprise. The 10-for-1 division of Great Atlantic & Pacific, though, ran out of steam rather quickly after it had prompted a momentary spurt of some two score points in the issue. In the process the stock more than doubled over its year's low of 241.

* * *

American Telephone also had an occasional spot in the limelight, including a four-point, one-day improvement which was the widest daily gain in this item in a dozen years. The stock pushed above 200 for the first time since it had achieved that level briefly in 1946 and was its best showing since 1930 when it sold as high as 274 after its retreat from the all-time peak of 310 in 1929. The first time it ever sold above 200 was in 1928.

* * *

The big interest in Telephone is the meeting of directors to consider dividend action next week, with the air rather full of rumors that some sort of stock split and improvement in the dividend rate was in the works. Telephone's classic $9 rate has been unchanged since 1922. In expanding at a multi-billion dollar rate, however, the company's capitalization which stood at 13,000,000 shares in 1929 and 30,000,000 at the end of War II is now up to around 70,400,000 shares. Its 1,600,000 stockholders are a family more than twice as large as that in any other corporation.

* * *

Oils showed some signs of stirring for a change, after they had been rather roundly ignored in the market's upsurge. Richfield was one of the more popular items in the group when the going was good, while the international issues were still out of favor as unrest in the Middle East continues. Gulf was the more obvious laggard in the international group.

Humdrum Motors

Motors had a humdrum existence for the most, including the low-priced items that have had such a good jump. The interest centered mostly on Checker Motors which is preparing to bring out its new line of passenger cars, a field it only entered recently so there is little specific background to form the basis for any projections of how well it will do in this competitive field.

* * *

In soaring to the highest levels in history, the industrial section has shown little in the way of blatant excesses that demand correction, so it is presumed that the bull swing has more ground to cover. The fact that high grade bonds are available at yields that are the most handsome in a quarter century, but cannot attract much in the way of potential buyers, underlines the fact that inflationary fears are responsible for much of the market's recent strength. And they have stuck pretty much to quality items without regard for the present times-earnings ratios, or the immediate yield.

* * *

In the face of this persistent demand for "growth" issues, the rails are still largely neglected and offer some of the better yields around. Indicated returns run between 5½ and 6% in such well known names as Atchison, Great Northern, Seaboard Air Line and Chesapeake & Ohio. On an average basis the rail return ran almost 5% against less than 3½% for the industrials.

Some Rails Pick Up

The rail picture isn't entirely bleak, however, and some have been able to snap out of the recession smartly, including Great Northern. Others have been able to turn in impressive results right through the business downturn, Chicago Great Western being one of the shining examples.

* * *

Some, like Southern Pacific, are well diversified. Sopac in addition to its prime rail business is the owner of two large trucking subsidiaries and some 1,300 miles of pipeline to handle petroleum products. It has vast land-holdings and holds the bulk of the stock of St. Louis Southwestern, itself a profitable operation. Where other roads are reporting sizable drops in their earnings over last year, Southern Pacific is expected to show an actual gain this year which means that its dividend is covered twice over.

High-Yielding Issues

There hasn't been much appeal in the building supply shares despite the fact that housing is running along smoothly and was, in fact, one of the brighter spots through the recession. American Hardware, for instance, has been available on a yield approaching 5% although it has raised earnings comfortably each year for the past four and is being projected to a good gain this year over last year despite the economic dip. The issue could be volatile since nearly a quarter of the shares are held by the B. S. F. Co., cutting the available float to around two-thirds of a million shares. There are some market analysts around who are anticipating that its dividend will be doubled next year which is a high hope that isn't held out for many of the market leaders.

* * *

American Tobacco, an old-time issue of solid investment grade that has been a bit dimmed by all the recurring lung cancer talk, is also an above-average yielding item, its return at recent prices running more than 5½%. Despite the recession American Tobacco's results for this year so far show profits comfortably ahead of last year, with its new dual filter item just getting underway.

* * *

In the food group Standard Brands is still available in a 4% return bracket after boosting its dividend twice so far this year. Its earnings shaped up well with those of last year for the first nine months. Borden in the same group has also held its profits up well and seems headed toward a record per share report for the full year, although its yield is more modest at around 3¾%.

* * *

Steels have fared well more times than not but they, too, are above-average in the yields available. Bethlehem Steel has been rather laggard, not prominent on the new highs lists as some of the others, and offers a return of around 4¾%. Although the third-quarter profit failed to cover the payment, the dividend is not considered in jeopardy since it probably will be covered by results for the full year.

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

Natural Gas Pipeline 4⅝% Bonds Sold

Dillon, Read & Co. Inc. and Halsey, Stuart & Co. Inc. headed a group of underwriters which offered publicly on Nov. 7 $30,000,000 of Natural Gas Pipeline Co. of America first mortgage pipeline bonds, 4⅝% series due Nov. 1, 1978, at 99¼% to yield about 4.68% to maturity. This offering was quickly oversubscribed and the books closed.

This financing represents the first public offering of mortgage bonds of the company, which is one of the pioneer long-distance natural gas pipeline operators in the country.

An amount approximating the net proceeds to the company from the sale of these securities will be applied to the reduction of outstanding bank loans which were incurred for the purpose of temporarily financing a portion of the cost of additions being made to the property of the company in connection with its expansion program.

For a period of five years, the bonds are not redeemable from or in anticipation of monies borrowed at an interest cost of less that 4.68%, but they are otherwise redeemable at the option of the company at any time at prices scaling downward from 104% to 100%. The bonds are entitled to an annual sinking fund, beginning Nov. 1, 1960, sufficient to retire approximately 95% of the bonds prior to maturity. The sinking fund redemption price is 100%.

Natural Gas Pipeline Co. of America and Texas Illinois Natural Gas Pipeline Co., both subsidiaries of The Peoples Gas Light & Coke Co., together supply to gas utilities substantially all of the natural gas distributed in Chicago and the surrounding area and also serve certain other gas utilities.

The present daily delivery capacity of the company's pipeline facilities is approximately 559,000 Mcf. For the 12 months ended Aug. 31, 1958, about 20% of the company's gas supply was derived from its own wells in the Panhandle field in Texas, and the balance principally under long-term contracts with certain gas producers and other pipeline companies.

The company has embarked upon an expansion program which involves the construction of approximately 511 miles of paralleling pipeline and related facilities expected to cost about $70,000,000. In connection with this program the company expects to install by the end of 1958 facilities which will permit an increase in daily delivery capacity of at least 107,000 Mcf and possibly as much as 195,000 Mcf.

Commercial Bank Financing of The Ship Replacement Program

By GEOFFREY V. AZOY*
Vice-President, Chemical Corn Exchange Bank, N. Y. City

New avenues opened up to commercial banking in the financing of the American flag replacement program are reviewed by Mr. Azoy. After remarking on the complete change from chaotic financing conditions of three years ago to spectacular results achieved in past two years, the New York banker explains the new roles permitted by the advent of government insured merchant marine bonds — in the lending of money, purchase of bonds and acting as trustee for loans and bond issues when more than a single lender is involved, and by P. L. 637 which allows banks to be trustees of special fund that can invest 50% of subsidized operator's statutory reserve in diversified common stocks.

Just three years ago plans for the financing of new American flag shipping on any substantial scale can only properly be described as chaotic. True, the financing of tankers and special bulk carriers to be owned by or chartered to large oil companies or industrial corporations presented no particular problem. Also, at least two American operators had raised a limited amount of cash through the public offering of common stock, while one large subsidized company had financed the conversion of two combination passenger-cargo vessels by a private sale of long term bonds secured under the 90% Government Mortgage Insurance then in effect.

Geoffrey V. Azoy

*An address by Mr. Azoy before the Annual Convention of the Propeller Club of the United States, San Francisco, Calif.

But in general this 90% Government guarantee on loans proved ineffective in producing any substantial amount of ship financing at reasonable rates. And of course the old 20-year Maritime Administration ship mortgages at 3½% remained unavailable to prospective borrowers. It was against this background that the writer, among others, had urged the necessity for increasing the Government insurance to a full 100% in order to break what appeared to be a serious impasse.

It was a few months later, in the summer of 1956, that Congress—on the recommendation of the Maritime Administration—made it possible for the financing program really to get off the ground by increasing the Government guarantees to the full 100% of the covered loan or mortgage. The results which have developed in the intervening two years were spectacular.

Of course, as is always the case in any radically new venture, everything didn't work out quite according to Hoyle and a temporary crisis arose in the case of the late lamented "Carib Queen" default which unfortunately occurred in the latter part of 1957 before sufficient monies had been accumulated in the Insurance Reserve Fund to enable full cash payments to be made promptly to the bondholders in accordance with the terms of the statute. This naturally presented a very serious threat to the proper functioning of the entire Government-guaranteed ship financing program, as there was no assurance to potential lenders that similar situations might not arise from time to time in the future.

Fully Assured Insurance

Again Congress—at the strong behest of both the ship owners and the interested financial and banking institutions—acted with promptness and dispatch. Public Law 520 was enacted and duly signed by the President on July 15 last. As you are aware, this law, in effect, gives the Maritime Administration a perpetual and immediate call on the United States Treasury for whatever funds may be required to meet all obligations in strict accordance with the provisions of the existing statute, regardless of how much or how little monies may at any time be held in the Insurance Fund. Obviously this amendment will be of incalculable benefit to the whole future of the entire ship financing program, and the success which greeted the recent public sale of the new Grace Line bonds, appears to have removed any lingering doubts on the part of most lenders and investors as to the intrinsic worth of the Government guarantee.

Of course there are various alternative avenues of investment available for ship financing. In addition to Government-guaranteed loans, under proper circumstances limited amounts of capital can probably be raised at higher cost through conventional non-insured loans and mortgages, while in certain cases it may be felt desirable to resort to the sale of common stock. However, as a commercial banker, it is my intention to limit my remarks to the various roles which commercial banks can play in directly assisting the replacement program under the provisions of Title XI.

Role of Banks Under Title XI

Commercial banks, by the very nature of their business, are required to maintain a rather high degree of liquidity in their assets to meet promptly all probable withdrawals of their demand deposits. They must of necessity limit the bulk of their loans to comparatively short maturities—usually not exceeding five years and even then only with respect to a limited percentage of their total assets. For this reason, the role of commercial banks as direct lenders in the financing of the American flag ship replacement program will probably be limited largely to construction loans and, in appropriate situations, to the earlier maturities of long term serial mortgage notes or bonds issued to pay off the construction financing on the completion and documentation of the new vessel.

Such four or five-year bank loans can become of increasing importance to ship owners in the event the next or any future Congress should enact legislation now pending authorizing the application of Title XI loans and mortgages to previously completed vessels at 75% of depreciated value. Under this formula, it should be possible for steamship owners faced with the problem of proceeding with the construction of new vessels at a time of relatively high long term money rates, to arrange temporary short term loans with their banks in the hope of being able to effect permanent long term financing at lower rates at some point during the ensuing five years and prior to the final maturity of their bank loan. This constitutes a type of interest rate hedging frequently used by borrowers in various other fields of business and industry and could add a highly desirable element of flexibility in setting up long term ship financing programs.

Also, several interesting possibilities for the future acquisition of long-term Title XI bonds by commercial banks now appear to have been opened up by the recent ruling of the Comptroller of the Currency of the United States dated Aug. 26, 1958 holding that Government-guaranteed obligations issued under the provisions of Title XI will be considered the same as United States Government bonds in classifying the investments of National Banks and those state chartered banks which are members of the Federal Reserve System. In view of this decision, and as this new type of bond becomes more seasoned and better known, it would seem reasonable to believe that increasing amounts of such bonds may be acquired by banks throughout the country as investments (1) for a certain proportion of their time, thrift and savings accounts, (2) as part of their so-called "secondary reserves" and (3) as possible investments for a portion of the trust funds and pension accounts committed to their care.

There are other ways in which commercial banks can contribute to the successful financing of the American flag replacement program besides the direct lending of money or the purchase of bonds. One such service is acting as corporate trustee for Title XI loans and bond issues where more than a single lender is involved. These duties are very exacting—particularly in the case of a public offering such as the recent Grace Line bonds—since the trustee in effect acts as the four-way stake holder between the bondholders, the borrowing steamship company, the investment bankers underwriting the bonds and the Maritime Administration. As a matter of fact, under the provisions of the applicable statute the trustee joins with the borrowing corporation in preparing, signing and submitting the formal Application to Insure to the Maritime Administration and is responsible to the bondholders to see that their interests are adequately protected at all times and that no defaults occur under the terms of either the mortgage indenture or the applicable provision of the law. All this of course demands a high standard of competence and reliability on the part of the institution selected. Perhaps I speak with more than usual fervor on this matter because the institution which I represent is now acting as trustee of the first public offering of Government-guaranteed ship mortgage bonds ever made, and for the past several months I have been rather constantly involved with an impressive battery of legal talent representing the borrowing company, the bond underwriters, the Maritime Administration—as well as our own attorneys.

Another contribution which commercial banks can make to financing the replacement program is found in the provisions of Public Law 637 passed in the final week of the last Congress and subsequently signed by the President, whereby the subsidized operators are permitted in effect to invest up to 50% of their statutory reserve funds in a diversified list of common stocks through the medium of special trust funds established with an approved bank or trust company as trustee. The purpose back of this particular legislation is to try to provide a hedge against the expected continuing long term increase in the price level, and to maintain the purchasing power of the Construction Reserve Fund in some equality with the probable steady upward trend in ship building costs. This constitutes a new and somewhat revolutionary aspect of the Merchant Marine Act which certainly deserves careful study by the subsidized operators jointly with their bankers.

I have attempted to outline some of the ways in which commercial banks can be helpful in financing the pending replacement program. However, the fact still remains that as a ship is essentially a long term investment with an average economic life of between 15 and 25 years, the bulk of the financing problem is also essentially of a long term nature. As already pointed out, such long term financing in any great volume is normally outside the scope of the average commercial bank; it falls more properly within the realm of the long term investor, with experienced investment bankers serving as intermediaries.

In closing, I should like to venture the observation that at long last fair weather flags now seem to be flying for the success of American shipping long range financing program, and certainly it can rest assured that the financial institutions of this country will cooperate to the fullest extent to bring this about.

Kenny, Kuver, Partners In Hemphill, Noyes Co.

H. James Kenny, Jr. and Herman H. Kuver have been admitted to general partnership in the investment banking and

H. James Kenny

Herman H. Kuver

brokerage firm of Hemphill, Noyes & Co., 15 Broad Street, New York City. The firm, members of the New York Stock Exchange and other principal stock and commodity exchanges, has 26 offices across the country.

Mr. Kenny resigned on Oct. 31 as the New York Stock Exchange floor partner in the firm of Emanuel, Deetjen & Co. He will act in a similar capacity for Hemphill, Noyes. In early 1949 he became a member of the Exchange and established the firm of H. J. Kenny & Co., which was dissolved in 1953 when he entered Emanuel, Deetjen. Mr. Kenny left college in 1942 to join the U. S. Army Air Force. He served as a pilot on 30 missions in the European Theatre and was discharged a captain after twice being awarded the Distinguished Flying Cross.

Mr. Kuver has been with Hemphill, Noyes since 1952. He had been the firm's office manager and had been active in the syndicate department. From 1928 to 1952 he was employed by the New York Stock Exchange and worked with numerous committees and departments.

With Shearson, Hammill

Traian V. Batsu has become associated with Shearson, Hammill & Co., members of the New York Stock Exchange, as a registered representative in their office at 522 Fifth Avenue, New York City. Mr. Batsu is qualified to service inquiries by phone or letter in Greek, French, Italian, Albanian, Rumanian or English.

Two With Morrison

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—Jack A. Underdown and Claude G. Yates have become connected with Morrison and Company, Liberty Life Building.

How Successful Was the British Disinflationary Drive?

By PAUL EINZIG

British reaction to recent American elections is said to be less inducement to resist inflation. Before pointing this out, Dr. Einzig criticizes the British Government for improperly crediting its program for the strengthened sterling and check to inflation when much of the credit stems from drop in price of imports. The writer finds: (1) labor has won a decisive victory over employers and the Government; (2) disinflationary drive cut production but not wage rise nor inflation if the fall in raw material price is considered; (3) Keynesian concept of manipulating public works has proven to be unsound and indicates disinflationary efforts should be on consumption and not on investment; and (3) Government is unable to pursue policy tolerating even a modest amount of unemployment

LONDON, Eng.—During the debate that followed the opening of the new Parliamentary Session, the Government rightly claimed credit for having strengthened sterling by means of its drastic disinflationary measures. But a large proportion of the credit was due to the changes in the terms of trade caused by the fall in raw material prices. When it comes to the effect of the disinflationary drive in the domestic sphere the Government is not in a position to claim that the sacrifices involved have borne their fruit. It is true, the rise in prices slowed down and came almost to a standstill. This was, however, overwhelmingly due to the fall in the cost of imported raw materials and food stuffs. Domestic costs of production continued to rise. Admittedly, the rise in wages in 1958 was slightly less than in the previous year. Even so, it is impossible to claim that this slight restraint in wage inflation was an adequate compensation for the drastic setback in production, and for the increase in unemployment.

Paul Einzig

Labor's Decisive Victory

On balance, the result of the disinflationary drive was disappointing. By succeeding in repeatedly obtaining wage increases even during the period of the disinflationary drive, the trade unions have won a decisive victory over the employers, over the Government and, indeed, over the rest of the community. It has become arguable, and it has actually been argued already, that in existing conditions the disinflationary drive has proved to be ineffective in checking inflation. Its sole effect in the domestic sphere was to cut down production without checking wage increases.

Keynes Proved Wrong

One of the conclusions that has emerged from recent experience is that it is entirely wrong to sacrifice the future for the present by concentrating disinflationary drives on the production of capital goods. It is argued convincingly that the Keynesian idea of running the economy by expanding and contracting capital investment by the public section of the economy has proved to be thoroughly unsound. Urgently needed capital expenditure, such as the building of roads, the modernization of railways, the development of nuclear power for peaceful purposes, the building of hospitals and schools, etc., had to be interrupted for the sake of cutting down investment in order to check inflation.

Many of the interrupted public works projects are now being resumed. The net result of the changes is delay and disorganization entailing wasteful increase of expenditure. The obvious conclusion is that in future public works should be spared similar ordeal.

An equally strong case is made out against interfering with private investment programs. In the future Chancellors of the Exchequer who seek to discourage capital expenditure by industries for the sake of checking inflation are liable to be criticized much more sharply than in the past. Surely, the argument runs, governments should concentrate their disinflationary efforts on consumption and not on investment. Disinflation by means of restrictions on consumption also encounters, however, growing criticism. The government has just removed most controls on installment credits and their restoration in case of need is likely to prove difficult and unpopular.

All that is left for the long-suffering Chancellor of the Exchequer is to try to control consumption by means of time-honored monetary devices. Yet even these devices have come to be looked upon as having become discredited in the light of the experience of 1958. The view has gained ground that since high bank rate and the credit squeeze have proved to be incapable of checking wage increases, the orthodox policy tends to reduce production rather than consumption. In such circumstances no government is likely to resort to any disinflationary means unless it is compelled to do so by a balance of payments crisis. To a large extent this was already so throughout the postwar period but in the light of the experience of 1958 it will be even more so in the future.

Reaction to American Election

Although in Britain the increase in unemployment was much less pronounced than in the United States, it aroused strong resentment among industrial workers. Politically it is becoming increasingly difficult for the government to pursue a policy that would tolerate even a modest degree of unemployment. A "depression scare" was worked up in Britain by the trade unions and the Socialist Party and foolishly enough the government played their game by its frequent expression of official pessimism. More and more people are inclined to take the view that, compared with the danger of a slump, even creeping inflation is a tolerable evil. This view is of course, based on the unfounded fears that as a result of resistance to inflation the conditions prevailing in the Thirties might be brought back.

Opponents of inflation in Britain suffered a severe blow as a result of the outcome of the Congression elections in the United States. The interpretation of Wall Street that the flood gates have now been opened for reflationary government expenditure is widely shared in London. The anticipation of inflation in the United States has lead to the conclusion that Britain would now be in a position to inflate with impunity, because if American prices rise then an upward trend of British prices need not affect the British balance of payment and the position of sterling. There will be therefore less inducement for the Government to resist inflation.

With Ball, Burge Firm

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Joseph K. Crabbe is now connected with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Loewi & Co. Appoints Carter & Risk

MILWAUKEE, Wis.—J. Victor Loewi, President of Loewi & Co. Incorporated, 225 East Mason Street, members of the New York Stock Exchange, has announced the appointment of Thomas L. Carter and Donald T. Risk as Assistant Vice-Presidents.

Mr. Risk, of Loewi & Co.'s research department, is a graduate of Yale Law School and Princeton University, and joined Loewi & Co. Incorporated in 1956. Previously Mr. Risk was an attorney for the Rail-Trailer Company, and was associated with the law firm of Hopkins, Sutter, Wells, DeWolfe and Owen, both of Chicago.

Mr. Carter, Manager of the municipal bond department, is a graduate of the University of Notre Dame. He joined the Loewi organization earlier this year. Mr. Carter was most recently associated with Robert W. Baird & Co., and previously with the Northwestern Mutual Life Insurance Co., both of Milwaukee.

John C. B. Cook

John C. B. Cook passed away Nov. 9 at the age of 64. Mr. Cook had been associated for many years with Whitehouse & Co. in New York City and its predecessor, Hendrickson & Co.

Douglas G. Wagner

Douglas G. Wagner, partner in Charles A. Kahl & Co., New York City, passed away Nov. 7 at the age of 67.

Who's Afraid of Gold and Why —And a Free Gold Market?

By REID TAYLOR*
Mitchell, Hutchins & Co., Chicago, Ill.

Chicago stock broker looks forward to completion of plans now being formulated to open under private auspices a completely free market for gold in Canada. The man in the street is said to be bombarded with arguments for not tampering with the mint price for gold so that he is unable to see clearly the arguments for a free gold market as a necessary prelude to a redeemable gold standard. Mr. Reid refers to the precedent set to have been made during the Civil War when a free market in gold was permitted and we did not return to gold standard until the premium narrowed and disappeared by the time the date set previously for resumption occurred. The author denies a higher price "would be inflationary" or "would help Russia," and claims our gold outflow is due to foreign preference for gold to United States dollars.

I am just a stock broker. I don't pretend to be an economist. My interest in gold and money has been aroused because almost everyone seems to shy away from the subject. One day I was talking to a director of one of our banks. "Oh," he exclaimed, "I don't even want to think about gold." And so it goes. Although it concerns the well being of every man, woman, and child, his future security and happiness, very few give it any thought whatsoever. When I asked the same gentleman if he believed in the Federal deposit insurance for bank accounts, and if he really felt that it was necessary that member banks place a certain percentage of their deposits up with the Federal Reserve banks for reserves, he replied, "why of course. These are both for the protection of the depositor. One complements the other. You could hardly have such an insurance of deposits if you didn't have the reserve requirements. If you didn't have the reserve requirements you would certainly have some loose banking." "Well," I said, "By what strange logic is the guarantee of the return of the same number of dollars to the depositor important if there is no guarantee of the value of the dollars to be returned? Why isn't it just as important that the government be required to set aside reserves of gold to make the money good, as it is important for a bank to set aside reserves to meet the demands of its depositors." There was no answer. He walked away.

Reid Taylor

Those Opposing a Free Market

Again my thinking on this subject of gold and money has been stimulated by an organization which I think is sincere in its crusade for sound money. The spokesman for this group seems to fear a free market for gold as a first step to determine the true value of our dollar. As I see it, this group is giving aid and comfort to those who oppose a return to gold in that they still consider the paper dollar to be tied to gold and therefore to be the standard of value. They insist that the dollar shouldbe made convertible into gold at $35 to the ounce. All well, and good if this could be done. The American people might well recover their gold again and at least it would be in safe hands and secure from being drawn off to foreign shores. But it seems to me this is very unrealistic in light of the fact that the dollar has had no more than a hair-spring tie to gold for 25 years.

In a recent buelletin put out by this organization it is admitted that our give-away program, and I quote the writer, is "a manifestation of national madness the like of which mankind has never before seen. . . . It is not reasonable to expect that our currency structure and the value of our dollar are not affected adversely by such fantastic procedures. There is a limit to the abuse to which gold can be subjected."

As one reads along he almost begins to rejoice, thinking, well, now at last we can get together and work together for the common objective—a sound dollar. But then the writer reverts back to the obsession that the dollar must not be devalued. He insists that the price of gold must remain at $35 to the ounce. Can he actually believe that the dollar has not already in effect been further de-valued and continuously so over the past 10 or 15 years?

Haven't we already experienced about the limit of "national madness?" Hasn't gold already been "abused" or dragged down along with the dollar in buying power to the point where the two must part company, and the gold break away from its tie?

If gold is the standard why can't we trust it in a free market to show us the way back to a redeemable dollar? Are we afraid of the truth? No doubt this would mean a higher price for gold in terms of our paper money possible a drastically higher price to begin with because it has been down in a dungeon and tied to a sick dollar for so long. But this would all pass and a reasonable basis could then be determined for a return to convertibility.

Cites Civil War as a Precedent

There is ample precedent for such a procedure. We were faced with a similar problem after the Civil War when the greenbacks were issued. Did John Sherman, who was then Secretary of the Treasury, abhor the thought of gold going up in price in terms of greenbacks? Did he yield to the great hue and cry that only the speculators and the gold miners would profit by a free market? No, he knew the only honest money was money redeemable in gold. He recognized the necessity of a free gold market to reveal the truth about irredeemable paper money. He recognized the function of gold to guide the nation back to a sound currency basis. So a free market was opened and gold sold as high as $50 an ounce, or almost 2½ times the former conversion price. As confidence returned this premium narrowed. When the date was finally set for resumption of specie payments the premium had disappeared entirely and no one presented any paper money for gold. To the farsightedness of such men as John Sherman, succeeding generations owed a debt of lasting gratitude.

From the bank director who shied away from the subject of gold entirely, to the sound money group who fear a free gold market, my interest was finally directed several years ago to the complete turnabout executed in the monthly bulletins of one of our leading banks. A previous article had extolled the gold standard and the benefits to be derived from it. Evidently this article had been unauthorized. A subsequent bulletin completely reversed this stand and this is where my blood really started to boil. The writer of this bulletin spent 11 pages trying to justify the paper dollar with its hair-spring tie to gold as the standard of value. I decided it was high time someone was coming out to state the facts. This, I tried to do in two articles published at the time.

In this bank bulletin all the rubber stamp arguments were trotted out. A higher price for gold would be inflationary and unthinkable. Only the greedy speculators and the just as greedy gold miners would be the gainers. Russia with her presumed great production of gold would unload on us. We would only be helping her, so we had better not raise the price.

No mention was made of the necessity of getting back to gold, to establish the true value of our money, restore confidence in it as a storehouse of value, stabilize our economy, and stop inflation once and for all. No mention was made of the tremendous stimulus to international and multi-lateral trade which would result if full convertibility of currencies generally throughout the world was restored through the great common denominator and only universal money—gold.

Is it any wonder the man on the street is confused when those to whom he would naturally look for guidance are either confused or issue statements which are so completely misleading?

Deliberately Planting Confusion

Now it occurs to me that the planting of this confusion in men's minds was not by accident. You will remember the philosophy as stated and admitted by one of the planners some years back, "spend and spend, tax and tax, elect and elect." The schemers who set out to change our form of government recognized that in order to fasten their grip on this great nation they must devise a method to spend the past accumulated wealth of the American people without their being too conscious of what was going on. In this way there would be an illusion of great prosperity until their purposes were accomplished. Gold must be completely eliminated from the scene. After all, it is a "near useless commodity" as we have recently been told again in an article in the "Commercial and Financial Chronicle."[1] If free to circulate its rise would bring home to the man on the street and make more real the fact that what his government spent was really being slyly deducted not only from the paper dollars he earns, but far more tragically, stolen from the savings he might have inherited, or that he may have accumulated for his old age and those who live after him.

The curtain raising performance was one which no man will ever forget; the severing of the tie between the dollar and gold in 1933, the seizure of all gold, the prohibition of all trading in gold, and finally after the government had a virtual corner on gold, the bidding-up of the price with the avowed and well advertised purpose of de-valuing the dollar to raise the price structure—I say this was calculated to confuse the entire gold issue in men's minds from that day to this. There has never been any real tie to gold even at $35 to the ounce.

As the years passed we grew more and more accustomed to this idea that the dollar was worth only 59% of its former value, or in other words, that an ounce of gold was worth $35 instead of $20.67, as formerly, even though you couldn't prove it because you were not allowed to redeem your dollars in gold at that price or any other price.

We also became more accustomed to bigger and bigger government, higher and higher taxes, bigger and bigger budgets, a WPA that gradually grew into a world WPA, war and more war, hot or cold it makes little difference, the spending goes up and up in peace-time as wel las in war-time. A government debt approaching $300 billion, a money volume of almost that much based on that debt, an overall public and private debt approaching a trillion, all this means nothing to the man on the street. A dollar is a dollar even though it will buy only a fraction of what it would formerly. But there is one thing that he is sure of in his little mind. The price of gold must not be changed again. I use the word "little" guardedly because I am filled with awe when I realize his accomplishments along other lines, in electronics and atomic energy, and know that it is away beyond my comprehension. But when it comes to money, he simply throws up his hands. He will not try to think through simple processes. All he can remember is that initial curtain raising performance of 1933 and 1934. He is told by bankers, by economists, by investment services, by the above mentioned sound money crusaders, and in practically everything he reads, that it must not happen again because it would be inflationary.

May I say right here and now, that act in itself was not inflationary except as it aroused the fear of the future intentions of our authorities. The government had to all intents and purposes cornered the gold market and there was no actual tie between the dollar and gold so its influence on the price structure was more psychological than real, as some speculators found out to their sorrow. But all that was anticipated by that abortive thrust in our markets, has since become a reality, not through raising the price of gold but through the carrying out of that plan "to spend and spend, tax and tax, elect and elect," not only what was anticipated but I suspect more than was anticipated at that time. Do you remember how shocked we were under WPA when it got aired around that there was a plan under foot for a world WPA? No one would believe it.

No, certainly our authorities would not be foolish enough to pull such an act as raising the price of gold again arbitrarily. That act served its purpose at the time and is still serving that purpose, and sadly so, because it is throwing the American people off their guard and is blinding everyone to realities.

Up to now we have been able to maintain the fiction of the $35 price, or in other words, we have been able to maintain the apparent value of our dollar in the world market. This, of course, has been due to our position of dominance, our ownership of over half the world's monetary stock of gold, to the weakness of foreign currencies relative to our own, to our fantastic give-away, and to our great productive capacity.

Being Priced Out of the World Market

With about 6% of the world's population we have accounted for one-half of the world's total output. It is plain enough that any foreign nation with dollar credits has up until now, been interested in acquiring steel and machine tools — not gold. But now the scales are weighted the other way. We are being priced out of the world market. Thanks to us, foreign nations have increased their own productive capacities enormously. Their reason for wanting our products is evaporating day by day. They want gold, instead of a depreciating dollar.

Our daily papers carry reports of the U. S. Treasury and the condition of the Federal Reserve System for every one to read. Very few people even bother to look at these figures. Yet in such reports, uninteresting in themselves, if followed week after week. there are unfolded trends which may be tomorrow's headlines and the concern of everyone.

Such, I believe, is the case with the continual withdrawal of gold by foreigners week after week for the past six months. This is more gold than we have lost in any full year up until now. This occurrence is played down by our officials, as is the persistent decline in government bonds. The two, no doubt, have a very real connection. Foreign holdings of our bonds have been under liquidation. Moreover, when foreign short-term credits are drawn down in gold, bank deposits shrink a like amount and this restricts the ability of those banks to loan money. Again, and not to be disregarded, under present regulations the Federal Reserve is required to maintain a gold certificate reserve equal to 25% of the reserves which member banks have turned over to it, plus any Federal Reserve notes it may issue. Thus, this year's loss of $1,700 million in gold reduces the potential credit facilities of the central bank by $6,800 million. Since central bank credit facilities, when used by member banks, can be expanded five or six times, such a gold loss can be said to eliminate from the system a total credit potential of from $35 to $40 billion. It is beside the point that these central bank credit facilities are not being used at present.

If such losses continue, and there seems to be every reason to think they will, we may see very tight money. The remedies which are so confidently applied by our money managers when our economy is in fair equilibrium as at present, may turn out to be wholly inadequate. The flexibility of the reserve system will be reduced with every gold loss, with the end result that requirements for this gold backing will inevitably be relaxed and confidence in the value of money further impaired.

Quotes Philip Cortney

Philip Cortney has recently made the statement that what we should fear is that Russia will buy our gold at the present low price rather than that she will sell us gold if the price is raised.

This is food for thought. Possibly she would have been wiser to have expanded and developed her farms so that she could feed her people properly. But right or wrong, she chose the course of intense industrialization. So now, in order to live, she must unload her output on the outside world. This much we know is an established fact. However, the idea of the build-up of an enormous gold production within her borders is more questionable. Try to trace the source of her production figures and you get nowhere. Little if any more than what she stole from Spain in the 30's has ever actually appeared in the world market.

Now let's take one more logical step along this line of thought. Doesn't the smart trader in any commodity talk prices down when he wants to buy? Doesn't he talk the price up if he wants to sell? If Russia is as smart as we give her credit for being and she wants

*An address by Mr. Taylor before the American Mining Congress, San Francisco, Calif.

1 An article by Rene Leon, Aug. 14, 1958, page 1.

to acquire gold, what would she do? Wouldn't she build up this idea of her big gold production and her big stock of gold as a threat overhanging the market if we should raise the price? Isn't this logical? I believe she is doing just this, expecting to make a killing at our expense on the gold she can take down. Any profit or loss she might take by flooding the world with her goods would pale into insignificance by comparison.

Furthermore, all this would tie in with the Marxian theory to debauch our currency and destroy our economy. She must know that by denuding us of our gold this process can be hastened materially. Her silence is her "big stick" to warp our thinking. Her agents are fast at work night and day to spread her gospel of confusion over our land. One way or another they put words into the mouths of our officials, our bankers, our economists, our unwilling to think public.

Let's never repeat or allow to be repeated in our presence without challenge that: "A higher price for gold would be inflationary"—or that "a higher price for gold would help Russia."

Gold has never lost a battle with inconvertible paper money. It only seems to go up in price because inconvertible paper money never fails to go down. It is understandable that a dictatorial and profligate government should fear the verdict of a free gold market. Such a government fears a free gold market because it is the logical first step to restore redeemable money. Wherever you find money redeemable in gold you find a sane and responsible government. A sane and responsible government is again a prerequisite to an economy that is sound—not one built on the shifting sands of inflation.

It is more difficult to understand how a group of men who are crusading for the gold standard can be afraid of that standard and prefer to go along with the vagaries of an arbitrary value set on gold which has permitted such an inflationary binge as we have experienced over the last 25 years.

However, the world market for gold is far too broad for any one country to control for long. And, in spite of what some men think the price should be, it is becoming more apparent every day that Gresham's law, thwarted for so long within this country, is about to break those barriers. Bad money will drive good money out of circulation, if allowed, or out of the country, and this is being allowed.

Are our authorities big enough to recognize that this means a higher price for gold, or will they continue to confiscate the country's accumulated wealth until our stock of gold dwindles and gold brings a fantastic price in terms of our paper money? Such a chaotic condition of affairs may well mean that Russia's ideology will have won out without so much as the firing of one of those atomic war-heads which we are worrying so much about.

Plan for Canadian Free Market

But I do not think this is the end of the road. Possibly we and those who live after us will look back one day with gratitude to those who are at this very moment planning to open under private auspices a completely free market for gold in Canada. This market will give the man of moderate means his first real opportunity to buy or sell warehouse receipts for gold in large or small amounts.

It is my thought, that this will be the entering wedge to force a complete change in our fiscal policies, because it will reveal, once and for all, the brutal truth about printing press money. Again it is my thought, that such warehouse receipts, or those plain small bars of gold they represent, may, as time goes on, replace currencies of uncertain value in world trade channels, no matter what promises, whose portrait, or whose signature may be engraved thereon to give them the pretense of value.

Western Pa. IBA Group Elects

PITTSBURGH, Pa. — At the Annual Meeting of the Western Pennsylvania Group of the Investment Bankers Association of


Addison W. Arthurs


A. Lowrie Applegate


C. McK. Lynch, Jr.


W. B. McConnel, Jr.

America held on Oct. 24, 1958, the following slate of officers was elected:

Chairman—Addison W. Arthurs, General Partner of Arthurs, Lestrange & Co.

Vice-Chairman — A. Lowrie Applegate, Vice-President of Hulme, Applegate & Humphrey, Inc.

Secretary-Treasurer—W. Bruce McConnel, Jr., General Partner of Singer, Deane & Scribner.

Governor—Charles McK. Lynch, Jr., General Partner of Moore, Leonard & Lynch.

The following were elected to the Executive Committee to serve for three years:

Charles E. Halcomb, Vice-President of First Boston Corp.

William J. Wallace, Vice-President of Mellon National Bank & Trust Company.

The following were elected to the Executive Committee to serve for two years:

William G. Simpson, President of Simpson Emery & Company, Inc.

Robert M. Stewart, Sales Manager of Moore, Leonard & Lynch.

New Walston Branch

BUFFALO, N. Y. — Walston & Co., Inc. has opened a branch office in the Ellicott Square Bldg.

Robert Levy to Admit

Robert J. Levy & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on Dec. 31 will admit Irving B. Harris to partnership. Mr. Harris will make his headquarters in Chicago.

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Gregory Morris is with Shearson, Hammill & Co., 348 East Green Street.

Weil Roth Irving Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—William F. Medick has become connected with The Weil, Roth & Irving Co., Dixie Terminal Building.

Detroit's Sacred Cow— The American Automobile

By ROGER W. BABSON

Lulled by ocean trip comfort en route home from South Africa, financial publisher Babson inveighs the American automobile industry for producing the wrong kind of a car, poor product quality, at too high a price. Concludes deciding factor as to 1959 prosperity will be the automobile.

I have been thinking on my homeward journey as to what will be the deciding factor with regard to 1959 prosperity. Have concluded it will be the automobile. Do you really like the car you are driving, or are you completely fed up with the gaudy, hungry monster? In this inflated economy where dollars disappear all too quickly, do you really like to sacrifice gas mileage for all those horses under the hood? Have you yet gotten used to cracking your skull and bruising your knees every time you try to get in or out of a modern Detroit creation? How many sets of plugs and points, how many mufflers and automatic transmissions, has your garageman installed?


Roger W. Babson

Before I go further, let me say that the above questions are not mine. I am simply echoing countless numbers of car owners who have come within earshot. One irate owner of half a dozen cars of the same popular make, purchased during the last dozen years, recently responded as follows to a piece of company promotional literature expounding the joys of station wagon living: After enumerating the many things that happened to his new car within the first five months of ownership, he said, in part, "My family has never had the money to take any of the fantastic trips outlined in your brochure. All our money has gone into trying to keep our new car running. . . ."

Why People Are Not Buying Cars

Detroit has searched for all manner of reasons why recent models are not selling. I believe the answer to its poor sales record is as glaringly obvious as the chrome on its current models: (1) Detroit designers must be living in tall ivory towers, way up in the clouds. What they are producing is what they think people ought to want, not what they actually want. (2) The consumer is fed up with shoddy materials that just don't hold up under normal driving conditions. (3) Detroit workmanship, compared with what comes out of Europe, is generally slipshod and slapdash. (4) The high cost of living demands a less expensive car to purchase, a more economical car to drive, and a car fashioned to house comfortably the taller bodies our well-fed civilization produces.

A check of dealers in the New England area uncovers the fact that one popular make of car has lost sale after sale to its tall customers because those customers feel so uncomfortable behind the wheel, and in certain models because they dislike riding with their knees under their chins in the back seat. This matter of failing to build cars to fit people is more serious than you may think. I am sure that any reliable doctor of physiology worthy of his reputation will tell you that riding with your knees under your chin is a cause of fatigue, that this kind of positioning restricts blood circulation, causes numbness and makes one's responses slower. I am wondering if a lot of riding in such a cramped fashion could ultimately cause circulatory problems.

Small Cars a Must in Our Economy

Sure, U. S. car sales soared until most recent years, and for two very good reasons: (1) In post-World War II America the auto became a necessary means of transportation to suburbia rather than a Sunday afternoon plaything. (2) The only cars available in numbers until recently were American makes. Therefore, as the population increased and suburbia developed, more and more American cars were sold.

Gradually, however, millions of new home owners have found that home ownership, while very much worthwhile, costs money. They have found, too, that their large families consume ever larger quantities of food; and that the older children get the more expensive they become to clothe and educate. And father and mother, looking for ways to balance the budget, have begun to realize that it does not make economic sense for each of them to push a hungry gas buggy across the landscape. European manufacturers, with an insight into this problem which Detroit seems to lack (with the exception of one manufacturer), have come to the family's rescue with reliable, economical, well-made, although not always comfortable, transportation. I predict a rash of small cars from American manufacturers in the early '60s.

Union of South Africa To Float Bond Issue

His Excellency, Wentzel C. du Plessis, Ambassador for the Union of South Africa to the United States, announced that the Union of South Africa filed on Nov. 10 with the Securities and Exchange Commission a registration statement covering $25,000,000 principal amount of external loan bonds, dated Dec. 1, 1958. The proposed financing represents the third public offering of Union of South Africa bonds in the United States.

Proceeds from the sale of the bonds would be used to provide funds for a portion of the capital requirements of the South African Government.

The offering of the bonds to the public will be made by an underwriting group headed by Dillon, Read & Co. Inc. and is expected early in December. The offering is expected to consist of 3, 4, 5 and 10-year bonds, the amounts and interest rates being subject to negotiation. None of the bonds will be redeemable except in the case of sinking fund redemptions of the 10-year bonds at 100%.

H. P. Franz Opens

GLADSTONE, N. J.—Harry P. Franz is engaging in a securities business from offices in the Bank Office Building. He was previously with Oppenheimer & Co.

Form Mutual Fund Inv.

FRESNO, Calif. — Mutual Fund Investments, Inc. is conducting a securities business from offices at 419 North Calaveras Street. Officers are Oliver R. Dibblee, President; Mary V. Thomas, Vice-President, and Roxie Hagopian, Secretary-Treasurer.

Continued from first page

Funds Buy Aggressively Midst Market-Business Rise

sellers on balance and only 2, Lehman and Tri-Continental, decisive buyers. Possibly such contrasting portfolio policy between the closed and open-end managements may be attributed to the latters' greater pressure from investible funds as well as greater "consumer consciousness."

Expressed in terms of dollar transactions, the open-end stock funds during the September quarter bought 65.4% more common stocks than they sold; the open-end balanced funds 27% more; and the closed-ends 18.2% more.

The New Funds

It is important to note further that the ratios on which these conclusions are based (see Table on page 24) do not include the strong impact from the recently formed One William Street, Lazard, Missiles-Jets & Automation, and Stein Roe & Farnham Stock Funds. The activities of these popular new funds surely provided an additional fillip to the stock market's bullish proclivities, offset in some measure by liquidation of their holdings in other funds held by their switching subscribers. Since these new funds are still partially uninvested, the impact of their buying as well as from the more recently organized Wellington Equity Fund, will presumably extend into the current and future quarters. Such pressure will also ensue from the proceeds of closed-end companies from the sale of stock through rights below asset value, including Madison Fund (the new name representing a "face-lifting" from Pennroad), National Shares, and, currently under registration, General Public Service. Such new moneys come in the most part from their existing shareholders who in subscribing avoid dilution of their equity.

Bullish and Bearish Managements

Particularly strong net buyers of common stocks included Axe Houghton Fund A; Boston Fund; Broad Street Investing; Investors Mutual; Massachusetts Life Fund; Stein Roe & Farnham; Wellington Fund; Affiliated; Delaware; de Vegh Mutual; Dreyfus; Eaton & Howard Stock Fund; Fidelity; Fundamental; Investment Trust of Boston; M.I.T.; and its sister M.I.T. Growth Stock; T. Rowe Price; Texas; the United Funds Group; Wisconsin; Lehman; and Tri-Continental. On the other hand, important net sellers among open-end funds included American Business Shares; Axe Science & Electronics; Commonwealth Investment; Mutual Investment; Nation-Wide Securities; New England; Bullock; Dividend Shares; and Value Line Special Situations. Liquidating closed-end units included Adams Express and American International; Carriers & General; General American; Niagara Share; and Overseas Securities. U. S. & Foreign remained "neutral," standing on its highly proportioned cash position.

Expression of Confidence

Jack J. Dreyfus, President, explains the optimism motivating the fund bearing his name thus (along with a quotation from Mark Twain), "Today's markets are anything but dull and because market conditions are good, prices are good. As things stand now, it seems to us that market conditions are likely to continue to be good for a while and for this reason we continue to be fully invested."

Quantitative substantiation of a continuing longer-term bullish attitude is furnished by Tri-Continental's record of proportionate common stock holdings, which has almost steadily risen from 71% in March 1957 to 82.8% recently. (This record reflects deliberate portfolio policy in addition to increase in market values and the receipt of new funds from the exercise of warrants.)

On the cautious side is the following expression from President Edward A. Merkle of the "Pennroad-Madison" Fund (which recently saw fit to raise additional funds through a stock offering): "The recent near-panic buying of so-called growth stocks is a top-of-the-market sign. The recent new highs were brought about by a revival of business, dreams of the future, and rather badly-documented inflationary psychology. It seems reasonable to assume that the great supply of funds and shortage of ideas which have driven up the market in the so-called growth stocks will spill over into the secondary issues, dogs and even puppies." He further predicted an eventual correction of the high prices which would come next year, but he expressed confidence that there will be undervalued areas with unrecognized potential for fruitful employment of the proceeds from his fund's recent rights offering.

The managers of the New England Fund express their skepticism as follows, after noting the emotional factors affecting the market: "Currently, the price levels of most growth-type stocks have moved out of line with the values indicated for them by our analyses of probable earnings and dividends."

Mr. T. Rowe Price, President of the fund bearing his name, forthrightly states: "The popularity of growth stocks has forced prices of many favorite issues to excessive heights. Our index of 20 growth stocks is currently selling at approximately 27 times previous maximum earnings. We think prices are discounting an optimistic projection of earnings several years hence. Consequently, we consider it prudent to continue the conservative investment policy of keeping a substantial portion of the portfolio in higher yielding bonds and other dollar obligations." (This fund bought a liberal proportion of bonds as well as common stocks.)

Backing up his words with portfolio action was Walter L. Morgan, President of Wellington Fund, which reduced international oil stocks with substantial earnings from Middle East operations "because of less favorable conditions in this area," as well as certain income stocks including Beneficial Finance and Household Finance; Consumers Power; Duke Power; GPU; N. Y. State Electric & Gas; Niagara Mohawk; and South Carolina Electric & Gas along with moderately reducing its holdings of electric equipments, farm machinery, rails, and some growth issues.

Tri-Continental during the quarter particularly bought steels, and was a heavy seller of bank stocks — in fact, it sold all its holdings in Chase Manhattan; Chemical Corn Exchange; First National City Bank of New York; and Hanover Bank, keeping only Guaranty Trust.

Lehman Corporation favored paper stocks, while lightening its oil and drug interests to some extent. It also saw fit to decrease its holding of Electric Bond & Share from 52,000 to 30,000 shares.

Incorporated Investors, as a matter of portfolio policy, reduced its oil holdings from $55 to $46 million, with the following explanation from President Charles Devens: "The oils still represent our largest commitment in any single industry. It is an essential business with sound growth characteristics, but in the interest of further diversification and possibly greater increase in value in other fields or more rapid recovery of earning power in certain cyclical industries, the reduction was felt to be desirable." Sold, among others, was its total 100,000-share block of Husky plus 28,600 shares of Canadian Husky, and 22,000 of its 75,000 share holding in Royal Dutch. Offsetting investments were made in drug stocks, steels, aluminums, chain stores, utilities, papers and rails. By contrast, among the substantial buyers of oils was National Investors in the Tri-group.

A long-time bull on insurance stocks, de Vegh Mutual Fund this time sold Aetna Life, Employers' Group, Great Western Life, Travelers, U. S. Fidelity & Guaranty, along with the fast-stepping Government Employees Insurance. This management simultaneously bought metals, rails, and some selected steels (Carpenter, Granite City, and Signode).

Largest holding acquired by One William Street was blue-chip IBM, and Lazard's biggest stake was made in American Telephone.

* * *

POLICY TOWARD INDUSTRY GROUPS

The following analysis of portfolio changes, drawn from our tabulation on page 23 of transactions in nearly 500 stock issues, is based on the number of managements buying or selling, rather than on the number of shares involved.

During the September quarter fund managements particularly favored the following groups: airlines, motors, coal, drugs, electrics and electronics, paper, rails, steels, and textiles. There was also a good-sized interest displayed in aircrafts, auto equipments, building, chemical, insurance, machinery, lead and zinc, office equipment, international oils, railroad equipment, and retail shares.

On the other hand, industries in which considerable selling accompanied buying included farm equipment, banks, beverages, containers and glass, finance compa-

Changes in Common Stock Holdings of 67 Investment Management Groups

(July-September, 1958)

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

Purchases by the following newly formed funds are included: One William Street Fund (for period from May 29 through September 30; exclusive of securities acquired from Aurora Corporation), Lazard Fund, Missiles-Jet & Automation Fund (through September 16), and Stein Roe & Farnham Stock Fund.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
6(3)	71,500	Deere	137,500	6
7(1)	56,400	International Harvester	13,000	2(2)
		Aircraft and Aircraft Equipment		
2	21,700	Boeing Airplane	15,896	2(1)
1	20,000	Curtiss-Wright	4,100	1
3	39,500	General Dynamics	3,500	3
6(1)	102,100	Lockheed Aircraft	400	1
3(1)	5,300	Martin	500	1
1	2,000	McDonnell	3,120	1(1)
8	102,100	North American Aviation	5,000	2
7(2)	56,300	United Aircraft	49,200	6(3)
3	*28,300*	*Bendix Aviation*	*19,400*	*4*
1	*500*	*Chance Vought*	*7,125*	*2(1)*
2(1)	*4,500*	*Douglas Aircraft*	*55,950*	*4(2)*
		Airlines		
9(5)	123,900	American Airlines	None	None
3(1)	22,600	Eastern Air Lines	54,700	3
3(3)	68,000	Northwest Airlines	None	None
2	7,800	Pan American World Airways	None	None
4	18,130	United Air Lines	3,000	1(1)
		Automotive		
3(1)	68,900	Chrysler	6,000	2
6(2)	62,900	Ford	14,000	3(1)
15(5)	207,400	General Motors	14,500	2
2	3,000	Mack Trucks	None	None
3(2)	11,200	White Motor	None	None
		Automotive Equipment		
3(1)	21,700	Borg-Warner	2,500	1(1)
3(3)	48,775	Champion Spark Plug	None	None
2(1)	9,000	Clark Equipment	None	None
3(1)	6,400	Dana	12,000	2
2	7,600	Eaton Manufacturing	5,000	1
4(2)	16,200	Electric Storage Battery	None	None
1	2,900	Federal Mogul-Bower	5,000	1(1)
2(2)	5,500	National Malleable & Steel Cast.	None	None
3(2)	6,510	Smith (A. O.)	2,000	1(1)
4(2)	22,300	Thompson Products*	None	None
		Banks		
1(1)	11,500	American Trust (San Francisco)	1,200	1(1)
1	11,500	Bank of America	1,000	1
3(1)	31,000	Chemical Corn Exchange	67,000	3(2)
4(2)	30,600	First Nat'l City Bank of N. Y.	17,000	2(1)
3(1)	9,150	Guaranty Trust	5,500	2
2	9,000	Marine Midland	11,200	2(1)
2	5,800	New York Trust	None	None
2	5,600	Security-First Nat'l Bk. of L. A.	None	None
2(1)	*31,000*	*Chase Manhattan*	*44,500*	*3(1)*
1(1)	*3,000*	*Cont'l Ill. Nat'l Bank & Trust*	*35,178*	*2(2)*
1(1)	*10,000*	*Hanover Bank*	*11,600*	*2(1)*
1(1)	*15,000*	*Irving Trust*	*15,445*	*2(1)*
		Beverages		
3	25,900	Coca-Cola	6,600	2
3	10,500	Pepsi-Cola	None	None
1(1)	*12,000*	*Canada Dry*	*12,000*	*2(2)*
		Building, Construction and Equipment		
2	50,000	American Cement	None	None
2(1)	10,000	Armstrong Cork	18,200	1
3(2)	5,300	Carrier	20,900	2(2)
2(1)	42,400	Consolidated Cement	4,000	1(1)
1	5,000	Flintkote	3,000	1
3(2)	19,600	General Portland Cement	9,700	2(1)
2(1)	22,040	Georgia-Pacific	5,739	1(1)
2(1)	23,300	Ideal Cement	None	None
3(2)	29,000	Johns-Manville	19,000	2(2)
3(1)	3,600	Lehigh Portland Cement	1,500	1
5(1)	50,600	Lone Star Cement	6,000	3
2(2)	19,300	Marquette Cement	None	None
1(1)	14,800	Masonite	5,000	1(1)
3(2)	55,500	National Gypsum	3,500	2(1)
6(2)	41,000	National Lead	8,100	6(2)
2	2,400	North American Cement "A"	None	None
3(1)	21,500	Otis Elevator	None	None
4(2)	16,500	Penn-Dixie Cement	None	None
2(2)	25,000	Raymond International	None	None
1(1)	20,000	Ruberoid	600	1
2	6,900	Sherwin-Williams	None	None
2(1)	12,800	Trane	900	1
5(1)	20,900	U. S. Gypsum	11,500	4(1)
2	27,500	U. S. Pipe & Foundry	None	None
1	2,000	U. S. Plywood	2,600	1(1)
5(1)	96,200	Weyerhaeuser Timber	None	None
1(1)	*20,000*	*American Radiator & Standard*	*53,100*	*2(1)*
2(2)	*41,500*	*Bestwall Gypsum*	*23,440*	*3(2)*
1(1)	*500*	*Minneapolis-Honeywell*	*3,000*	*2(1)*
		Chemicals and Fertilizer		
3(2)	49,000	Air Reduction	10,400	2
5(2)	70,100	Allied Chemical	11,800	3(1)
3	8,100	American Agricultural Chemical	None	None
1	3,900	Columbian Carbon	4,000	1(1)
2(1)	6,160	Diamond Alkali	23,444	1
5(2)	34,400	Dow Chemical	30,140	4(1)
7(2)	30,400	Du Pont	None	None
5(2)	25,200	Eastman Kodak	14,050	4
3(2)	18,900	Food Machinery & Chemical	10,700	3(2)
1	3,000	Freeport Sulphur	2,500	1
3(1)	46,000	Hercules Powder	None	None
5(2)	118,000	Hooker Chemical	9,600	2
3(2)	3,700	Interchemical	10,600	1
6(3)	12,922	Monsanto	46,530	3(1)
2(2)	7,100	Pennsalt Chemicals	2,500	2(1)
3(1)	7,580	Rohm & Haas	670	3
4	8,900	Spencer Chemical	3,500	1(1)
3(2)	8,000	Stauffer Chemical	1,000	1
3(1)	18,500	Tennessee Corp.	None	None
2(2)	5,700	Thiokol Chemical	2,700	1
11(3)	80,000	Union Carbide	17,200	5(2)
2(2)	16,000	United Carbon	None	None
1	2,200	Victor Chemical	2,000	1(1)
4(2)	*7,100*	*American Cyanamid*	*50,400*	*6(4)*

*Now Thompson Ramo Wooldridge.

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nies, foods, metals as aluminum and copper, natural gas, domestic oils, utilities, tires, and tobaccos.

Thus we see some shift from the defensive to the cyclical area; seemingly an accentuation of the speculative trend. Liquidation of utilities was no doubt stimulated by the trend toward higher money rates.

FAVORED GROUPS

Aircrafts Moderately Favored

By far the sharpest stand-out in this group was North American Aviation, whose 8 buyers included United Funds with 35,000 shares newly bought and Investors Mutual with 42,000 shares. Sharing the spotlight was Lockheed, of which the Tri-Group acquired 50,000 shares and Investors Mutual 25,600. Opinion was dividend on United Aircraft, one of the initial investments of Lazard Fund, and on Boeing and Bendix. Selling predominated in Douglas, of which M.I.T. sold its entire holding of 50,390 shares.

Airlines Well Bought

Here we note a burst of buying in American Airlines, with the largest acquisition coming from the Bullock Group (39,000 shares), followed by Fidelity, Eaton & Howard Stock, and State Street. Good buying also occurred in Northwest Airlines, with Fidelity alone newly acquiring 51,000 shares. On the other hand, opinion was divided on Eastern, of which State Street sold 50,000, while Eaton & Howard Stock Fund made an initial commitment of 14,000.

Motors Favored

Here, GM dominated the scene again as in the preceding quarter. Of the more than 207,000 shares bought, the largest single acquisitions were made by the Tri-Group, with 70,000 shares newly, by Lazard with 32,500, M.I.T. 25,000, and Fidelity 23,500. Also liked, in contrast to the preceding quarter, was Ford, picked up by Fidelity (28,900) and Affiliated (20,000), among others; with selling coming in from Putnam (8,000) and a few others. Both Fidelity and Affiliated also were large buyers of Chrysler, joined by newly-acquiring Loomis-Sayles.

Automotive Equipments Purchased Moderately

Here Electric Storage Battery, Clark Equipment, Thompson Products, and newly-marketed Champion Spark Plug all attracted buyers, with no sellers.

Buildings Bought

Considerable new interest centered on the cement stocks, with Lone Star and Penn-Dixie clearly the standouts. In fact, Lone Star was one of the initial investments of One William Street to the tune of 20,000 shares; with Investors Mutual adding 26,100. Opinion was divided on National Lead; but here Lazard was the initial buyer of 25,000 shares, and the heavy selling wave of the June quarter did not recur. On the selling side in this group was American Standard, of which National Securities Stock Series sold all its 49,100 shares, only partly offset by a new 20,000-share commitment by Concord Fund. Bestwall Gypsum (one of Lazard's larger initial investments) was also newly acquired by State Street; but these buyers were outnumbered by three sellers, of whom the largest was the United Funds Group with a 21,218-share closeout.

Chemicals and Fertilizers Popular

In this group Union Carbide and DuPont, which had been sold in the June quarter, strongly regained favor. Carbide was bought by 11 managements, appearing

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Balance Between Cash and Investments of 79 Investment Companies End of Quarterly Periods June and September, 1958

Security Transactions by the 79 Investment Companies During July-Sept., 1958

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Per Cent of Net Assets —End of—		Investment Bonds and Preferred Stocks* Per Cent of Net Assets —End of—		Com. Stks. and Lower Grade Bonds & Pfds. Per Cent of Net Assets —End of—		(In Thousands of Dollars) Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	June	Sept.	June	Sept.	June	Sept.	June	Sept.	Total Purchases††	Total Sales**	Total Purchases††	Total Sales**
Open-End Balanced Funds:												
American Business Shares	3,665	3,325	13.2	12.3	33.4	32.2	53.4	55.5	None	529	None	528
Axe-Houghton Fund A	4,375	1,891	9.9	4.2	39.2	37.3	50.9	58.5	2,706	669	2,567	633
Axe-Houghton Fund B	1,702	----	1.9	----	29.2	§26.9	68.9	§72.5	13,251	10,959	10,756	9,357
Axe-Houghton Stock Fund	----	----	----	----	§28.2	§25.2	§70.0	§74.8	492	373	492	361
Axe Science & Electronics	19	202	0.2	2.4	25.0	25.6	74.8	72.0	68	658	68	650
Boston Fund	3,323	4,799	2.1	2.8	¶37.5	¶33.6	‡60.4	‡63.6	5,898	985	2,874	184
Broad Street Investing	3,168	2,282	2.8	1.9	18.5	14.6	78.7	83.5	9,916	6,120	9,471	3,701
Commonwealth Investment	10,330	13,759	8.2	10.3	23.6	21.1	68.2	68.6	7,780	9,848	4,496	6,557
Diversified Investment Fund	930	1,280	1.4	1.8	28.0	26.6	70.6	71.6	4,803	4,530	3,306	2,277
Dodge & Cox Fund	347	309	6.1	5.1	26.9	27.5	67.0	67.4	454	363	205	275
Eaton & Howard Balanced Fund	22,836	20,509	12.7	10.9	26.9	25.9	60.4	63.2	3,856	2,913	1,119	1,307
General Investors Trust	312	233	7.5	4.8	22.6	24.8	69.9	70.4	678	209	333	134
Group Securities—												
Fully Administered Fund	684	866	7.5	8.9	17.7	18.3	74.8	72.8	306	349	5	249
Institutional Foundation Fund	506	819	3.6	5.1	N.A.	8.8	N.A.	86.2	2,747	1,745	1,833	1,239
Investors Mutual	5,469	----	0.5	----	¶37.4	§¶34.7	‡62.1	§‡63.1	43,343	28,571	29,229	21,957
Johnston Mutual Fund	474	385	7.4	5.4	32.3	26.7	60.3	67.9	735	360	484	157
Knickerbocker Fund	2,426	2,252	18.6	16.2	13.8	10.3	67.6	73.5	N.A.	N.A.	N.A.	N.A.
Loomis-Sayles Mutual Fund	11,549	14,330	18.0	21.2	30.2	22.9	51.8	55.9	8,669	10,498	6,597	5,319
Massachusetts Life Fund	2,636	2,388	6.6	5.4	30.0	27.8	63.4	66.8	2,830	683	1,698	283
Mutual Investment Fund	2,648	3,650	13.6	16.8	28.0	27.4	58.4	55.8	2,073	2,174	1,078	1,424
National Securities—Income	1,028	1,379	1.8	2.2	7.5	6.4	90.7	91.4	7,565	5,929	7,099	5,929
Nation-Wide Securities	2,080	2,619	7.0	8.7	35.0	36.1	58.0	55.2	2,518	3,271	376	1,566
New England Fund	1,291	2,165	9.0	14.9	28.4	20.0	62.6	65.1	543	1,662	467	625
George Putnam Fund	10,333	9,228	6.8	5.6	27.8	26.5	65.4	67.9	13,084	11,944	5,471	5,681
Scudder, Stevens & Clark Fund	1,260	1,644	1.8	2.2	36.8	32.2	61.4	65.6	1,922	1,243	337	287
Shareholders' Trust of Boston	442	742	2.1	3.1	35.2	35.6	62.7	61.3	3,156	1,578	1,478	1,232
Stein Roe & Farnham Fund	2,584	3,001	9.7	10.0	29.5	25.7	60.8	64.3	3,918	2,875	2,373	1,363
Value Line Fund	96	370	1.1	3.9	4.2	None	94.7	96.1	2,634	3,186	2,339	2,410
Value Line Income Fund	1,536	2,200	2.1	2.6	5.8	4.9	91.1	92.5	7,503	6,751	6,844	6,192
Wellington Fund	58,258	70,370	8.2	9.0	28.4	25.5	63.4	65.5	44,585	31,198	32,618	25,317
Whitehall Fund	170	274	1.9	2.8	43.0	39.2	55.1	58.0	391	214	358	214
Sub-Total Open-End Bal. Funds	156,477	167,271	6.4	6.5	26.9	24.2	66.7	69.3	198,425	152,387	136,371	107,408
Open-End Stock Funds:												
Affiliated Fund	62,778	60,088	15.0	13.0	0.5	0.4	84.5	86.6	a21,586	8,904	21,586	8,904
Blue Ridge Mutual Fund	1,941	1,980	7.2	6.8	1.0	0.7	91.8	92.5	1,130	1,921	1,025	1,102
Bullock Fund	7,373	10,530	19.9	22.9	None	None	80.1	77.1	2,226	3,121	2,226	3,121
Delaware Fund	2,539	1,242	4.6	2.0	6.4	6.0	89.0	92.0	13,347	10,187	12,252	9,111
de Vegh Mutual Fund	991	119	6.65	0.7	None	None	93.35	99.3	3,778	2,860	3,778	2,860
Dividend Shares	38,722	45,294	16.9	18.4	None	None	83.1	81.6	5,016	11,205	5,016	11,205
Dreyfus Fund	2,008	28	9.0	0.1	None	None	91.0	99.9	5,384	1,383	5,384	1,383
Eaton & Howard Stock Fund	21,763	25,496	21.5	21.7	None	None	78.5	78.3	7,581	4,707	5,605	1,707
Energy Fund	56	18	1.3	0.4	None	None	98.7	99.6	268	362	268	362
Fidelity Fund	3,030	4,088	1.1	1.3	5.8	2.8	93.1	95.9	29,838	24,524	29,675	17,625
Fundamental Investors	12,337	8,657	3.1	1.9	None	0.1	96.9	98.0	19,661	8,340	19,341	8,340
General Capital Corp.	111	86	0.8	0.5	None	None	99.2	99.5	188	63	188	63
Group Securities—Com. Stock Fund	1,836	1,045	4.5	2.2	None	None	95.5	97.8	8,607	2,627	8,607	2,627
Incorporated Investors	23,342	23,231	9.8	8.4	0.9	0.9	89.3	90.7	33,989	27,201	33,989	27,201
Institutional Investors Mutual Fund§§	2,944	2,994	7.35	7.3	None	None	92.65	92.7	N.A.	N.A.	N.A.	N.A.
Investment Co. of America	23,715	24,675	22.5	20.7	0.1	0.7	77.4	78.6	12,101	10,279	11,452	10,279
Investment Trust of Boston	1,263	----	2.9	----	8.3	§7.5	88.8	§91.2	2,850	None	2,744	None
Massachusetts Investors Trust	29,771	32,313	2.6	2.5	None	None	97.4	97.5	a32,677	a17,587	32,677	17,587
Massachusetts Investors Growth Stock	7,893	11,117	4.7	5.6	None	None	95.3	94.4	9,284	2,813	9,284	2,813
National Investors	786	1,020	1.1	1.2	None	0.7	98.9	98.1	6,517	4,952	6,017	4,952
National Securities—Stock	2,337	3,856	1.8	2.6	None	None	98.2	97.4	14,501	10,866	14,501	10,866
Pine Street Fund	779	777	5.5	5.0	11.7	10.7	82.8	84.3	2,117	1,740	1,695	1,497
T. Rowe Price Growth Stock	2,906	3,097	24.4	21.9	3.6	5.7	72.0	72.4	1,300	495	1,300	495
Scudder, Stevens & Clark—												
Common Stock Fund	408	843	2.2	3.8	None	None	97.8	96.2	939	574	939	574
Selected American Shares	3,507	2,131	5.0	2.7	0.4	2.0	94.6	95.3	a12,574	a10,352	11,576	9,748
Sovereign Investors	25	60	1.1	2.4	4.4	4.4	94.5	93.2	158	70	150	65
State Street Investment	18,527	15,255	11.4	8.7	None	1.1	88.6	90.2	12,123	9,097	‡‡10,123	9,097
Texas Fund	1,369	889	4.4	2.6	0.5	0.4	95.1	97.0	1,293	632	1,272	632
United Accumulative Fund	10,961	5,756	6.2	2.8	18.3	13.7	75.5	83.5	29,167	11,759	26,366	5,509
United Continental Fund	1,945	2,340	6.4	6.7	7.0	1.3	86.6	92.0	3,301	2,435	3,301	1,495
United Income Fund	4,691	6,066	2.8	3.2	6.6	2.1	90.6	94.7	15,734	10,086	13,720	9,558
United Science Fund	6,805	3,863	13.2	6.2	0.7	0.5	86.1	93.3	10,259	4,239	10,056	3,975
Value Line Special Situations	114	187	1.5	2.2	None	None	98.5	97.8	762	1,381	762	1,337
Wall Street Investing	1,350	1,216	18.0	14.9	0.5	None	81.5	85.1	379	188	379	188
Wisconsin Fund	1,689	653	13.6	4.9	8.9	8.1	77.5	87.0	1,280	193	1,280	193
Sub-Total Open-End Stock Funds	304,385	301,010	8.2	6.5	2.3	2.0	89.3	91.4	321,915	207,143	308,534	186,471
Total Open-End Funds	460,862	468,281	7.3	6.5	13.6	12.4	78.9	81.0	520,340	359,530	444,905	293,879
Closed-End Companies:												
Adams Express	4,462	6,376	5.3	6.7	0.5	0.5	94.2	92.8	539	2,420	481	2,420
American European Securities	840	1,636	4.5	8.5	31.3	26.3	64.2	65.2	701	1,455	351	549
American International	1,510	2,982	4.2	7.5	0.9	0.9	94.9	91.6	333	1,809	294	1,809
Carriers & General	2,045	1,773	12.1	9.8	7.2	9.7	80.7	80.5	893	666	345	666
General American Investors	4,815	b5,862	7.6	b8.4	1.8	1.6	90.6	90.0	426	1,726	426	1,551
General Public Service	2,319	2,359	8.3	7.8	0.2	0.2	91.5	92.0	a1,276	a1,136	1,276	1,136
Lehman Corp.	12,581	c16,407	5.5	c6.3	----	c0.5	94.5	93.2	c10,786	7,926	6,063	4,496
Madison Fund¶¶	4,297	1,540	4.4	1.5	3.1	2.4	92.5	96.1	13,920	12,901	13,920	12,901
National Shares	689	191	3.0	0.7	8.9	9.6	88.1	89.7	1,969	1,985	1,166	1,060
Niagara Share	2,329	3,224	5.1	6.3	3.0	2.8	91.9	90.9	30	1,356	30	1,356
Overseas Securities	----	----	----	----	§9.0	§7.8	§89.7	§68.5	440	1,044	‡‡400	1,044
Tri-Continental	4,816	4,342	1.4	1.2	16.8	12.2	81.8	86.6	24,956	24,398	23,924	12,239
U. S. & Foreign Securities	19,293	18,505	17.4	15.2	None	None	82.6	84.8	None	None	None	None
Total Closed-End Companies	59,996	65,197	6.6	6.1	6.3	5.7	87.5	86.3	56,269	58,822	48,676	41,227
Grand Total	520,858	533,478	7.3	6.5	12.4	11.4	80.3	82.1	576,609	418,352	493,581	335,106

†Including corporate short-term notes where so included by reporting investment company. *Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB for preferreds (or approximate equivalents). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In percent of gross assets. ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 83 savings banks, etc. in New York State. ¶¶Formerly Pennroad Corporation. a Exclusive of corporate short-term notes. b After purchase of own $4.50 preferred stock at a cost of $237,346. c Including assets acquired through transaction with Wecaf Holding Co., Inc.

SUMMARY

Changes in Cash Position of 79 Investment Companies Sept. 30, 1958 vs. June 30, 1958

	Plus	Minus	Approx. Unchanged	Total
Open-End Companies				
Balanced Funds	12	12	7	31
Stock Funds	7	18	10	35
Closed-End Companies	6	4	3	13
Totals	25	34	20	79

Average Allocation by 79 Companies of Assets to Cash and Equivalent, Defensive Securities, and Risk Securities

	June 30, 1958	Sept. 30, 1958
Net cash, etc., and Governments	7.3%	6.5%
Defensive securities (investment bonds and preferreds)	12.4	11.4
Risk securities (common stocks plus lower grade bonds and preferreds)	80.3	82.1
	100.0%	100.0%

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—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
2(1)	3,100	*Internat'l Minerals & Chemicals*	19,600	3(2)
1	2,818*	*Pan American Sulphur*	4,300	2(1)
		Coal and Coke		
3(2)	41,800	Consolidation Coal	3,000	1(1)
1(1)	1,500	Eastern Gas & Fuel	2,610	1(1)
3(2)	144,600	Peabody Coal	5,020	2(1)
1(1)	20,000	Truax-Traer Coal	20,900	1
2	11,200	United Electric Coal	None	None
1(1)	800	*Pittston*	10,800	2(1)
		Containers and Glass		
3(2)	66,000	Continental Can	13,500	2
6(3)	44,800	Libbey-Owens-Ford Glass	10,500	2(1)
2(1)	6,200	Lily-Tulip Cup	2,200	1(1)
4(2)	23,200	Owens-Illinois Glass	2,100	1(1)
3(1)	11,100	Pittsburgh Plate Glass	None	None
2(2)	10,000	Standard Packaging	10,000	1(1)
2(1)	51,000	Thatcher Glass Mfg.	500	1
2	700	*American Can*	63,400	8(2)
1	200	*Anchor Hocking Glass*	4,600	3(1)
4(1)	2,000	*Corning Glass Works*	18,600	5(2)
2	3,200	*Owens-Corning Fiberglas*	25,200	3(2)
		Drug/Products		
6(4)	18,200	Abbott Laboratories	4,900	1
1	2,000	Allied Laboratories	10,000	1(1)
1	3,000	American Home Products	9,600	1
2(1)	28,000	Bristol-Myers	6,000	2(1)
7(3)	26,265	Lilly (Eli) "B"	None	None
6(2)	30,300	Merck	16,900	4
1	500	Norwich Pharmacal	12,000	1
4(1)	63,200	Pfizer (Chas.)	61,000	3(2)
2(1)	37,800	Rexall Drug	None	None
1(1)	1,425	Searle (G. D.)	8,000	1
5(2)	25,800	Schering	21,700	4(2)
3(1)	22,200	Smith, Kline & French	8,400	2
3(1)	9,900	Sterling Drug	20,000	2
2(1)	17,000	*Mead Johnson*	17,000	3
2	6,000	*Parke, Davis*	10,400	3(1)
1	5,000	*Warner-Lambert*	28,700	5(2)
		Electric Equipment and Electronics		
3(1)	22,250	Ampex	None	None
7(2)	91,200	General Electric	24,000	5(1)
1	3,300	Hazeltine	2,253	1
5(1)	62,200	International Tel. & Tel.	None	None
3	6,700	Litton Industries	None	None
2	12,500	McGraw-Edison	None	None
1	11,700	Philco	1,100	1
5(4)	84,700	Philips' Lamp Works— (50-guilder shs. or equivalent)	None	None
7(3)	46,100	Radio Corp.	19,000	4(2)
2	1,500	Sperry Rand	13,000	2
3(1)	17,500	Sprague Electric	2,000	1
2	979	Square D	6,120	1(1)
5(1)	39,900	Sunbeam	None	None
4(3)	13,500	Sylvania Electric	None	None
4(3)	7,000	Texas Instruments	1,500	1
6(5)	54,100	Westinghouse Electric	10,800	4(3)
2(2)	22,700	Whirlpool	None	None
None	None	*Daystrom*	7,100	2(1)
1(1)	1,800	*Raytheon Manufacturing*	1,000	2
None	None	*Tung-Sol Electric*	9,300	2
		Finance Companies		
2(1)	10,500	Associates Investment	3,400	2(1)
2(1)	47,000	Beneficial Finance	43,400	2(2)
3(1)	8,700	C. I. T. Financial	5,000	1(1)
3(1)	18,800	Pacific Finance	1,500	1
None	None	*American Investment Co. (Ill.)*	17,300	2
2(1)	23,000	*Commercial Credit*	31,300	3(1)
1	25,000	*Household Finance*	27,300	2
None	None	*Seaboard Finance*	15,200	2(1)

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Funds Buy Aggressively Midst Market-Business Rise

among the initial commitments of Lazard and One William Street; with Fundamental Investors also a large initial purchaser. DuPont elicited buying only, and like Carbide, was also acquired by newcomers Lazard and William Street. Also liked was Allied Chemical, bought by the Tri-Group (32,200 shares initially); One William; Fundamental-Diversified; and Investors Mutual, while Wellington was a seller. Opinion was rather dividend on Dow and Eastman. On the other hand, Hooker was strongly favored, 40,000 shares going to One William Street; 60,000 to Tri-Group; and 15,000 to Chemical Fund. In disfavor were American Cyanamid and International Minerals & Chemicals; of the former the largest sellers were Madison Fund and Broad Street; of the latter, the Bullock Group and Niagara Share.

Coal and Coke Bought

Here easily the standout was Peabody Coal, which found heavy initial buying on the part of Electric Bond and Share (80,000) and Tri-Continental (57,000). Also in good demand was Consolidation, thanks particularly to a 35,000 share commitment by Lazard. On the other hand, Pittston was sold by Axe-Houghton B (10,000).

Drugs Still Popular

In contrast to the June quarter, Eli Lilly strongly returned to favor, with Incorporated Investors the largest buyer (17,800 shares). Second most widely bought were Abbott and Merck, both acquired by the newly-organized Stein Roe and Farnham Stock Fund, Merck also by One William Street.

Opinion was divided on Pfizer and Schering. Of the former, One William Street bought 30,000 shares, and the United Funds Group 23,000 shares; but Affiliated Fund elimimated its 50,000 share holding, with M.I.T. selling ten thousand. Parke, Davis lost its former favor and Warner-Lambert was rather heavily sold.

Electricals Mostly Favored

In greater favor than in recent quarters were the electric equipment and electronic makers. In contrast to its preceding thorough-going liquidation, G.E. now attracted 7 buyers, who acquired 91,200 shares — Lazard; One William Street; M.I.T; Selected American; Investors Mutual; Commonwealth Investment; and Dodge & Cox. The 5 sellers included State Street; United Funds; General Investment Trust; Pine Street; and General Capital. Also popular were Radio Corp., bought by Lazard with 15,000 and by Investors Mutual to the tune of 13,-100; and Westinghouse, bought by both Stein Roe & Farnham funds, Energy Fund, Tri and others. Continuing their previous popularity, eliciting buyers only, were I.T.&T. and Philips' Lamp Works; buyers of the former including Affiliated and Axe-Houghton B. Buyers of the latter included Shareholders' Trust of Boston, Investment Company of America, Johnston, the United Funds Group, all making initial purchases, and Atomic Development Mutual increasing its holding. Also exclusively bought were Ampex, Litton Industries, McGraw-Edison, Sunbeam, Sylvania (now merging with General Telephone), and Whirlpool.

Insurance Moderately Liked

The fire and casualty companies continued moderately to attract buying, with Maryland and Travelers remaining in the forefront. The former's buyers included Massachusetts Life Fund; Investors Mutual; and One William (15,000); with Travelers bought by Madison; Pine Street; Dodge & Cox; One William; and Lazard. The seller was de Vegh, who evidently was accepting a substantial capital gain.

In the life group, buyers on balance favored Lincoln, National Life & Accident, and U. S. Life. The veteran growth issue, Lincoln, was bought by Investors Mutual; Lazard; and Commonwealth Investment; the seller being Investment Co. of America.

Machinery Issues in Good Demand

Caterpillar Tractor was the most widely sought issue in this group, followed closely by Dresser Industries, buyers of the latter including the Fundamental-Diversified Group; the Tri Group; the United Funds Group; and Madison Fund; with Putnam and others on the selling side. Also in demand were United Shoe Machinery and Cooper-Bessemer. Babcock & Wilcox found only sellers, including Commonwealth; Scudder Common Stock Fund; United Science; and Selected American.

Popular Metals

In the metals group, American Smelting increased its popularity from the previous quarter in terms of shares bought; and also bought gingerly in this cyclically-recovering group were New Jersey Zinc and St. Joseph Lead; both of which found no sellers. Buyers of these issues included the Axe Group; Eaton & Howard Stock; Loomis-Sayles; Concord; and Mutual Investment.

Office Equipments Sought

The glamorous IBM, which was sold on balance in the previous quarter, strongly regained its leadership; buyers including In-

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Funds Buy Aggressively Midst Market-Business Rise

vestors Mutual (4,200 shares), Fundamental, Madison, Delaware, Lazard (4,800), One William Street (10,872); and Stein Roe & Farnham Stock Fund (200). Also quite popular was Burroughs, with its buyers including Investors Mutual (48,100); Rowe Price; Delaware, both Stein Roe funds and Selected American; on the other hand, M.I.T. closed out its block of 57,000 shares.

International Oils Preferred

Among the oils the most widely bought issues included those of the leaders with worldwide international operations. Once more the undisputed leader was Royal Dutch, buying of which was accelerated from the preceding quarter. In fact, with 17 acquiring fund managements, it was the most sought-after stock of all during the September quarter, followed in buying interest by Republic Steel (15 managements); General Motors, Standard Oil of New Jersey, U. S. Steel (14 each), A.T. & T., Southern Pacific and Texas Co. (13 each). Largest buyers of Royal Dutch included Lazard (60,000); the United Funds Group (56,500); M.I.T.; One William Street (25,000 each); Investors Mutual (24,600); and Dividend Shares (23,500 newly), while Incorporated Investors led the few sellers with 22,000 shares.

Next in favor among all the oils was Standard of New Jersey, which in addition to ranking highly among the initial commitments of Lazard and One William Street, was bought in large amounts by Investors Mutual, Chemical Fund, and Commonwealth Investment; with Selected American the lone seller. Also strongly favored was Texas, which concurrently performed outstandingly marketwise, finding its largest buyers among the above-mentioned managements. Also well-liked were Standard of Indiana, now vigorously pushing into the foreign field, and Standard of California. Buyers outnumbered sellers in Gulf, in which Wellington and Putnam led 7 sellers. On the other hand, Socony was tilted more on the selling side, with Wellington and Selected American providing the principal liquidation.

Papers Revived

In contrast to the preceding quarter, the paper stocks regained strong favor. Whereas International had been sold previously, in the quarter under review it proved the most popular acquisition. Next best liked was Fibreboard Paper Products, whose purchasers included United Accumulative (30,000) and Investment Co. of America (16,000), both initial acquisitions; there were no sellers in this issue. The latter is also true of St. Regis Paper and Oxford Paper. The only issue sold on balance in this group was Union Bag-Camp.

Radio-TV-Movies in Fair Demand

The largest interest in this group was evinced in Twentieth Century-Fox in which Madison Fund made an initial commitment of 20,000 shares, while the Value Line Group bought 19,000 shares. There was also a fair demand for ABC-Paramount — partly also from the Value Line Group; and for CBS, of which Madison Fund was the largest single buyer, and Wellington and Axe were the largest sellers.

Rails Resurge

Interest in the carriers, which was initiated during the June quarter, was intensified, along with the continuing cyclical recovery in carloadings. By far the best-liked issue was Southern Pacific, its 5 new buyers being Loomis-Sayles, de Vegh, American European, Fiduciary Mutual, and Lazard. Selling their entire holdings were Axe B and Overseas Securities. Runner-up in number of buyers was Southern Railway, Loomis-Sayles and Lazard again being new purchasers. Illinois Central shook off its previous neglect, its 6 buyers including the Value Line Income Fund, and de Vegh with an initial acquisition. Buyers of the 106,300 shares of Union Pacific included M.I.T.; Value Line Income Fund; United Funds; and Lazard. Nickel Plate's sellers were Dividend Shares, the Scudder Fund, and Overseas Securities.

Mild Interest in Rail Equipments

Buying predominated in this group, with General Railway Signal, Pullman, and Westinghouse Air Brake, in fact, finding no sellers at all.

Retail Trade in Fair Demand

Best liked in this group were Spiegel and Grand Union. Dreyfus and Delaware took initial positions in the former; with Incorporated Investors buying 33,300 of the latter. Sold on balance were Allied Stores, Associated Dry Goods, and National Tea.

Steels Highly Favored

No less than 15 managements bought Republic Steel, led by M.I.T.; the Tri-Group; Wellington; Incorporated; Lazard; and One William. Also in great favor was U. S. Steel, bought by Fidelity; Tri, Incorporated, the Stein Roe funds, and also Lazard and One William. Interest in Armco ran even higher than in the preceding quarter, with Granite City a newcomer, as was Inland. Reversing its previous negative position, Jones & Laughlin was likewise well-liked. On the other hand, Bethlehem found more sellers than buyers, particularly in the Bullock Group, National Securities Stock, Slected American and Wellington.

Textiles Bought

In this highly cyclical group, with its delayed restoration of earning power, American Viscose turned out as the best bought issue, its buyers including Fidelity; Affiliated; and de Vegh. Stevens and United Merchants found no sellers. The two-sided transactions in Rayonier continued.

GROUPS MEETING MIXED REACTION

Agricultural Equipments Get Divergent Response

Deere, which has enjoyed rising earnings as well as a financial revamp, elicited an equal number of buyers and sellers, 6 each. Among the buyers the largest were Dreyfus (22,000); Selected American (25,000); and Putnam (15,000 newly); among the sellers, Wellington (67,800); Value Line Income (24,700); and M.I.T. (20,000). On the other hand, a strong liking was shown once more for International Harvester, in which Selected American established a new position with 25,000 shares, followed by National Securities Stock Series and M.I.T. with 10,000 shares each.

Policies Toward Bank Stocks Divided

Bank stocks, so strongly liked in the preceding quarters, lost a good deal of their previous well-nigh uniform favor, nothwithstanding the prospect of better earnings in the unfolding environment of firming interest rates and growing loan volume. Most popular during the quarter were First National City of New York and Guaranty Trust. Opinion was divided on Chemical Corn Exchange and Marine Midland, the latter growth situation's buyers including United Income and Mutual Investment; with Stein Roe and Investors Mutual on the selling side. Sellers exceeded buyers in Chase Manhattan, Hanover, and Irving, among others. Selling Chase Manhattan were Tri with a complete close-out of 18,000 shares, and Investors Mutual disposing of 26,000 shares; while buying came in from the United Funds Group and One William Street.

Containers and Glass Heavily Mixed

Libbey-Owens-Ford attracted 6 buyers, notably Fundamental, Fidelity, and One William; with its largest seller being State Street, which eliminated its 6,500 shares. Also liked was Owens Illinois Glass, especially by the newly organized funds. Pittsburgh Plate Glass was bought by three managements; sold by none. As in the preceding quarter, American Can was very much in disfavor, its 8 sellers including Loomis-Sayles (with a closeout of 13,000 shares), and M.I.T. (35,000). Largest sellers of Corning Glass were Wellington

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—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Food Products		
1	13,700	Allied Mills	*27,200	1(1)
2(1)	14,600	Borden	None	None
1	14,700	Campbell Soup	1,800	1
3	50,500	Continental Baking	13,000	2(1)
1(1)	400	General Mills	500	1
2	2,100	National Biscuit	6,200	2(1)
2	1,300	Standard Brands	None	None
2	24,000	Swift	9,400	1
1	5,000	United Biscuit	1,900	1(1)
3	12,000	United Fruit	7,800	2(1)
1(1)	10,000	Wilson	500	1
1(1)	*25,000*	*Armour*	*12,000*	*2(1)*
4(2)	*54,500*	*Corn Products (Refining)*	*73,300*	*6(2)*
1(1)	*10,700*	*General Foods*	*24,500*	*3(3)*
1	*500*	*National Dairy*	*23,700*	*2(1)*
None	*None*	*Pillsbury Mills*	*3,000*	*2(1)*
None	*None*	*Quaker Oats*	*4,300*	*2(1)*
		Insurance—Fire and Casualty		
1	700	Aetna Casualty	1,600	1
1	5,000	Boston Insurance	1,500	1
2	11,500	Fireman's Fund	None	None
2	1,500	Hartford Fire	None	None
2	1,800	Insurance Co. of No. America	None	None
3(1)	17,600	Maryland Casualty	None	None
5(2)	33,150	Travelers	4,900	1
3	2,200	U. S. Fidelity & Guaranty	2,900	1(1)
None	*None*	*Government Employees Insur.*	*5,400*	*2*
1	*1,500*	*Home Insurance*	*14,000*	*2(2)*
		Insurance—Life		
2(1)	5,200	Aetna Life	1,100	2(1)
1(1)	400	Great Western Life Assurance	475	1
3(1)	12,500	Lincoln National Life	2,700	1(1)
3(2)	10,500	National Life & Accident	None	None
4(3)	6,353	U. S. Life	18,500	1(1)
		Machinery, Machine Tools and Industrial Equipment		
2(1)	4,500	Allis-Chalmers	None	None
3(1)	42,000	Bucyrus-Erie	None	None
8(3)	55,300	Caterpillar Tractor	400	1
1	5,000	Chicago Pneumatic Tool	14,000	1(1)
1(1)	10,000	Combustion Engineering	11,900	1(1)
3(1)	12,500	Cooper-Bessemer	None	None
2(2)	5,150	Cross Co.	None	None
6(1)	78,200	Dresser Industries	29,500	4(2)
3(1)	3,500	Ex-Cell-O	4,100	2(1)
2(1)	3,900	Ingersoll-Rand	None	None
3(2)	8,000	Joy	4,200	2(2)
1	500	National Acme	2,000	1
2(1)	8,000	Singer Manufacturing	None	None
4	16,900	United Shoe Machinery	3,500	1
1	25,000	Worthington	2,500	1
None	*None*	*Babcock & Wilcox*	*26,696*	*4(3)*
		Metals and Mining—Aluminum		
5(3)	30,300	Reynolds Metals	13,000	2
4(2)	33,400	U. S. Foil "B"	3,000	1
4	*27,900*	*Aluminium Ltd.*	*279,500*	*7(3)*
4(1)	*34,300*	*Aluminum Co. of America*	*33,200*	*7(4)*
1(1)	*25,300*	*Kaiser Aluminum*	*15,000*	*3(2)*
		Metals and Mining—Copper		
10(3)	38,500	Anaconda	14,800	4(3)
1	2,000	Bridgeport Brass	6,000	1
2(1)	3,000	Cerro de Pasco	7,350	1(1)
2(1)	1,500	Copper Range	None	None
3(1)	26,700	General Cable	10,000	1(1)
5(1)	21,400	Magma Copper	5,000	1(1)
1	500	Miami Copper	5,000	1(1)
1	*500*	*Inspiration Consol. Copper*	*15,200*	*2*
4(1)	*4,500*	*Kennecott Copper*	*27,600*	*5(1)*
2(1)	*21,500*	*Phelps Dodge*	*17,300*	*5(2)*
		Metals and Mining—Gold		
1	20,000	South American Gold & Platinum	25,700	1
		Metals and Mining—Nickel		
1(1)	400	Falconbridge Nickel	600	1
6(3)	80,900	International Nickel	7,500	3(1)
		Metals and Mining—Other		
5(2)	70,000	American Smelting & Refining	19,000	2(1)
2	7,900	New Jersey Zinc	None	None
3(1)	21,400	St. Joseph Lead	None	None
1	1,000	Vanadium	5,400	1
4(2)	*57,500*	*American Metal-Climax*	*75,000*	*5(2)*
		Natural Gas		
5(2)	15,200	American Natural Gas	38,000	4(2)
1	600	Colorado Interstate Gas	5,000	1
3	7,200	El Paso Natural Gas	19,800	3(1)
3(3)	13,200	Houston Corp.	None	None
2	51,600	Lone Star Gas	22,700	2(1)
3(1)	17,700	Mississippi River Fuel	6,400	2(2)
3(2)	38,000	Northern Natural Gas	4,000	2
1	13,400	Panhandle Eastern Pipe Line	1,000	1
2(1)	12,000	Pioneer Natural Gas	None	None
4(2)	34,900	Tennessee Gas Transmission	None	None
4(2)	34,025	Transcontinental Gas Pipe Line	None	None
1	*6,500*	*Arkansas-Louisiana Gas*	*17,000*	*3(2)*
1	*1,000*	*Consolidated Natural Gas*	*41,400*	*2(1)*
None	*None*	*Gulf Interstate Co.*	*2,890*	*2(2)*
2(1)	*5,100*	*Republic Natural Gas*	*58,100*	*4(2)*
1	*4,000*	*Texas Eastern Transmission*	*14,000*	*2(1)*
3(1)	*43,400*	*United Gas*	*50,000*	*4(2)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Office Equipment		
7(1)	63,400	Burroughs	57,300	2(2)
2	8,325	Friden	None	None
10(6)	26,442	IBM	1,245	4
1(1)	25,000	National Cash Register	33,000	1(1)
1(1)	10,000	Smith-Corona-Marchant	1,250	1
None	*None*	*Addressograph-Multigraph*	*9,810*	*3(1)*
		Oil		
2	3,200	Anderson-Prichard	2,000	1(1)
4	29,814	Cities Service	25,800	2(1)
7(3)	40,200	Continental Oil	23,000	1
9(3)	71,650	Gulf Oil	45,621	7(3)
1	5,500	Hancock Oil	15,500	1
4(1)	23,000	Honolulu Oil	11,000	1
1	500	Hudson's Bay Oil & Gas	15,000	1(1)
4(3)	54,500	Kern County Land	None	None
2	2,000	Kerr-McGee Oil	3,307	1
3	2,900	Louisiana Land & Exploration	29,000	3
2(2)	37,400	Monterey Oil	10,000	2
6(2)	137,600	Ohio Oil	12,000	4(1)
3(1)	10,400	Phillips Petroleum	18,500	2
2(1)	7,500	Pure Oil	None	None
17(6)	260,200	Royal Dutch Petroleum	34,500	4(2)
5(3)	35,100	Shell Oil	15,900	1
6(4)	40,855	Signal Oil & Gas	26,800	1
6(4)	81,500	Sinclair Oil	13,000	2
3	11,300	Skelly Oil	None	None
2(1)	3,440	Southland Royalty	None	None
10(1)	59,000	Standard Oil of California	500	1
10(5)	142,500	Standard Oil (Indiana)	9,500	1(1)
14(2)	§129,923	Standard Oil (New Jersey)	12,000	1
3(2)	47,700	Standard Oil (Ohio)	2,000	1(1)
4(1)	109,600	Sunray Mid-Continent Oil	42,000	2(1)
2(2)	1,000	Superior Oil (Calif.)	150	1
13(4)	95,755	Texas Company	9,800	2
3(3)	72,700	Texas Natural Gasoline	None	None
2(1)	72,700	Texas Pacific Coal & Oil	None	None
1	300	Tidewater Oil	5,000	1
2(2)	12,800	Union Oil & Gas of La.	400	1
3(1)	*13,000*	*Amerada Petroleum*	*9,400*	*4(2)*
None	*None*	*Arkansas Fuel Oil*	*67,300*	*2(1)*
3(1)	*83,500*	*Atlantic Refining*	*35,700*	*4(2)*
1	*4,000*	*British Petroleum*	*55,000*	***2(1)*
None	*None*	*Humble Oil & Refining*	*†44,000*	*3(2)*
None	*None*	*Intex Oil*	*137,300*	*2*
None	*None*	*Plymouth Oil*	*1,960*	*2(1)*
2(1)	*9,500*	*Richfield Oil*	*17,700*	*3(3)*
6(1)	*39,400*	*Socony Mobil Oil*	*100,050*	*8(1)*
2	*1,100*	*Union Oil of California*	*35,981*	*4(4)*
		Paper and Paper Products		
4(2)	55,100	Champion Paper & Fibre	15,800	3
3	30,900	Container Corp. of America	11,800	2(1)
4	2,900	Crown Zellerbach	34,900	3
6(2)	55,300	Fibreboard Paper Products	None	None
2	2,400	Great Northern Paper	100	1(1)
1	11,000	Hammermill Paper	9,500	1(1)
7(2)	34,525	International Paper	4,180	3(2)
3(1)	46,500	Kimberly-Clark	8,000	1
2(1)	41,300	Mead Corporation	13,500	1(1)
2	3,600	Oxford Paper	None	None
5	46,500	St. Regis Paper	None	None
2(1)	16,500	Scott Paper	5,000	2
1(1)	3,000	West Virginia Pulp & Paper	13,000	1(1)
2(1)	3,900	Westminster Paper	None	None
3(2)	*32,500*	*Union Bag-Camp Paper*	*52,700*	*5(2)*
		Public Utilities—Electric and Gas, Etc.		
1(1)	50,000	American & Foreign Power	35,500	1(1)
2	36,900	Arizona Public Service	55,000	2(2)
3(1)	33,100	Baltimore Gas & Electric	37,400	2(1)
1(1)	6,000	California Electric Power	13,900	1(1)

**However, seller of 50,000 shares bought £135,000 of convertible bonds.
†Not exchanged for Standard Oil (N. J.).
§Plus 125,000 shares received by Massachusetts Investors Trust in exchange for 100,000 shares of Humble Oil & Refining.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
1(1)	6,000	Central Louisiana Electric	3,000	1
4(3)	36,100	Central & South West	30,000	1(1)
3(1)	21,500	Cleveland Electric Illuminating	None	None
2	15,000	Community Public Service	15,502	1
2(1)	10,427	Consolidated Edison (N. Y.)	None	None
4(4)	35,500	Consumers Power	18,300	1
2(1)	165,000	Cuban Electric	None	None
1	18,075	Dayton Power & Light	500	1
2(2)	27,500	Delaware Power & Light	3,000	1
1	100	Duquesne Light	5,000	1
3(3)	21,900	Florida Power & Light	20,500	3(1)
4(2)	26,600	Houston Lighting & Power	10,000	1
4	27,600	Idaho Power	14,000	3(1)
1	4,000	Interstate Power	14,000	1
3(2)	47,500	Long Island Lighting	20,000	1
4	15,000	Louisville Gas & Electric	20,000	1(1)
3(2)	8,200	Montana Power	9,000	2(1)
4	16,300	New England Electric System	56,745	2(1)
1(1)	5,000	New England Gas & Electric	36,600	1
3(1)	20,700	New York State Elec. & Gas	22,000	1
2(1)	28,000	Northern States Power	8,000	2
3(1)	11,000	Oklahoma Gas & Electric	None	None
8(2)	36,750	Pacific Gas & Electric	None	None
3(2)	52,000	Pacific Lighting	2,000	1
1	30,000	Public Service of N. H.	8,000	1(1)
2	1,100	Sierra Pacific Power	None	None
4(2)	34,500	Southern California Edison	13,000	2
5(1)	58,500	Southern Company	25,500	2(1)
2	6,000	Southwestern Public Service	4,000	1
4(2)	11,200	Tampa Electric	None	None
2(2)	12,100	Texas Utilities	10,000	1
1	4,000	Union Electric (Mo.)	8,500	1
3(3)	59,000	Virginia Electric & Power	40,000	3(2)
2(1)	21,000	Washington Water Power	19,400	2
4(1)	15,800	Wisconsin Electric Power	101,000	2(1)
2(1)	*12,000*	*American Electric Power*	*6,751*	*4*
None	*None*	*Central Hudson Gas & Electric*	*21,000*	*2*
1	*1,000*	*Central Illinois Public Service*	*17,000*	*4(2)*
1	*4,100*	*Cincinnati Gas & Electric*	*15,000*	*2*
2	*15,100*	*Columbia Gas System*	*104,692*	*4(1)*
1(1)	*4,000*	*Columbus & Southern Ohio Elec.*	*3,300*	*3*
3(1)	*32,600*	*Commonwealth Edison*	*26,956*	*6(3)*
1(1)	*5,100*	*Florida Power*	*10,900*	*4(1)*
6(1)	*66,000*	*General Public Utilities*	*57,800*	*7(2)*
1	*1,000*	*Illinois Power*	*25,700*	*3(1)*
None	*None*	*Iowa Power & Light*	*22,800*	*2*
None	*None*	*Iowa-Illinois Gas & Electric*	*37,800*	*4(2)*
1	*500*	*Kansas City Power & Light*	*5,500*	*2(1)*
2(1)	*41,000*	*Middle South Utilities*	*49,600*	*5(1)*
None	*None*	*Niagara Mohawk Power*	*43,100*	*5(1)*
1	*2,000*	*Ohio Edison*	*18,800*	*2(1)*
1	*1,000*	*Peoples Gas Light & Coke*	*12,000*	*3*
1(1)	*22,000*	*Public Service of Colorado*	*15,800*	*3*
2	*2,300*	*Public Service Electric & Gas*	*76,100*	*3*
2(1)	*15,000*	*Public Service of Indiana*	*18,900*	*4(2)*
None	*None*	*Rochester Gas & Electric*	*42,600*	*5*
None	*None*	*San Diego Gas & Electric*	*7,700*	*1(1)*
2	*1,900*	*South Carolina Electric & Gas*	*46,700*	*3(1)*
2	*6,000*	*West Penn Electric*	*37,300*	*4(1)*
		Public Utilities—Telephone and Telegraph		
13(3)	112,500	American Tel. & Tel.	9,000	5
3(1)	36,300	General Telephone	25,400	2(1)
1	1,500	New England Tel. & Tel.	1,000	1(1)
3(2)	29,700	Western Union	6,200	1
		Radio, Television and Motion Pictures		
3	42,500	American Broadcast.-Paramount	7,600	2
3(1)	24,840	Columbia Broadcasting "A"	25,300	3
3	12,580	Columbia Broadcasting "B"	6,950	2(1)
1	10,900	Disney (Walt) Productions	24,655	1
1	500	Magnavox	25,000	1(1)
3(1)	17,300	Motorola	25,000	2(1)
1	5,700	Storer Broadcasting	25,000	1(1)
5(2)	43,500	Twentieth Century-Fox	2,000	1
2(1)	1,300	Zenith Radio	5,100	2(1)
		Railroads		
6(2)	85,000	Atchison, Topeka & Santa Fe	115,000	3(2)
2(2)	12,600	Atlantic Coast Line	1,000	1
3	28,500	Baltimore & Ohio	12,300	2(2)
3(1)	37,500	Chesapeake & Ohio	10,000	1(1)
1(1)	30,000	Chicago & North Western	3,800	1
4(2)	16,500	Chicago, Rock Island & Pacific	2,000	1(1)
4(2)	12,500	Denver & Rio Grande Western	None	None
4(1)	33,200	Great Northern	56,200	2(1)
6(3)	26,500	Illinois Central	None	None
2	1,800	Louisville & Nashville	1,600	1(1)
5(1)	74,500	Norfolk & Western	20,200	2
2(2)	19,000	Northern Pacific	10,000	1(1)
4(1)	79,300	Seaboard Air Line	8,000	1(1)
13(5)	120,200	Southern Pacific	3,000	2(2)
8(2)	86,700	Southern Railway	43,500	7(2)
5(2)	106,300	Union Pacific	2,000	1
3(2)	5,900	Western Pacific	6,000	1(1)
None	*None*	*Kansas City Southern*	*9,200*	*2*
2	*23,500*	*N. Y., Chicago & St. Louis*	*30,600*	*3(2)*
		Railroad Equipment		
2(1)	27,700	General American Transportat'n	7,100	1
2(1)	4,300	General Railway Signal	None	None
2	10,200	Pullman	None	None
1	1,000	Union Tank Car	11,200	1(1)
2(1)	9,000	Westinghouse Air Brake	None	None
None	*None*	*ACF Industries*	*9,200*	*2*

Continued on page 28

Forms First Inv. Planning

WASHINGTON, D. C.—Jerry C. Spellman is engaging in a securities business from offices at 1500 Massachusetts Avenue, N. W., under the firm name of First Investment Planning Co. Mr. Spellman has been with Sade & Co.

J. M. Sheffey Opens

WESTFIELD, N. J. — John M. Sheffey is engaging in a securities business from offices at 550 Birch Avenue.

Continued from page 27

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Retail Trade		
2(1)	1,700	Federated Department Stores	None	None
1(1)	15,000	First National Stores	2,600	1(1)
2(1)	40,100	Gimbel Bros.	None	None
3(1)	51,200	Grand Union	None	None
2(1)	8,800	Green (H. L.)	None	None
2	5,000	Macy (R. H.)	None	None
2(1)	9,700	Marshall Field	None	None
2	3,500	May Department Stores	4,000	1(1)
2	34,600	Mercantile Stores	None	None
2	3,000	Montgomery Ward	None	None
3(1)	8,500	Penney (J. C.)	None	None
2	10,000	Safeway Stores	2,000	1
2	59,900	Sears, Roebuck	9,000	2(1)
5(2)	49,400	Spiegel	6,500	2(1)
2	6,700	Woolworth	6,000	1
2	*20,500*	*Allied Stores*	*9,200*	*4(1)*
None	*None*	*Associated Dry Goods*	*5,800*	*3(1)*
1(1)	*3,100*	*National Tea*	*14,476*	*2(2)*
		Rubber and Tires		
6(3)	33,340	Firestone Tire & Rubber	8,600	4
3(1)	3,560	General Tire & Rubber	None	None
5(2)	39,718	Goodyear Tire & Rubber	3,000	2
5(3)	*34,700*	*Goodrich (B. F.)*	*45,300*	*6(3)*
3(2)	*37,500*	*U. S. Rubber*	*69,400*	*5(2)*
		Steel and Iron		
2(1)	13,800	Allegheny Ludlum Steel	500	1
9(2)	103,200	Armco Steel	34,550	3(2)
1(1)	57,000	Crucible Steel	10,000	1(1)
5(2)	47,500	Granite City Steel	None	None
2(1)	27,100	Great Northern Iron Ore	None	None
1(1)	25,000	Harsco	3,000	1
6(3)	27,900	Inland Steel	15,500	3(1)
6(2)	73,200	Jones & Laughlin Steel	27,960	3(1)
4(2)	83,000	National Steel	1,700	1
15(5)	246,800	Republic Steel	8,400	3(1)
2	1,500	Sharon Steel	None	None
2(1)	6,600	Signode Steel Strapping	None	None
14(3)	135,600	U. S. Steel	7,200	3
7(3)	38,800	Youngstown Sheet & Tube	500	1
4(1)	*29,000*	*Bethlehem Steel*	*53,700*	*6(2)*
		Textile		
1	5,000	American Enka	4,800	1
5(2)	90,000	American Viscose	12,000	2(2)
2(2)	10,500	Celanese	6,800	1
4(1)	20,388	Rayonier	38,000	3(1)
2(1)	7,200	Stevens (J. P.)	None	None
3(1)	5,000	United Merchants & Mfrs.	None	None
		Tobacco		
1	4,500	Liggett & Myers	500	1
4	42,100	Philip Morris	None	None
3	24,200	Reynolds Tobacco	17,000	2
1	*3,000*	*American Tobacco*	*17,300*	*3(1)*
1	*2,800*	*Lorillard (P.)*	*35,000*	*2*
		Miscellaneous		
1(1)	36,000	Air Products	37,000	1(1)
2(1)	19,100	American Bosch Arma	None	None
1	300	American Chicle	1,500	1
2(2)	6,500	American Express	10,000	1
3(1)	30,900	American-Marietta	250	1
2(1)	12,100	Brunswick-Balke-Collender	400	1
4	6,800	Colgate-Palmoline	3,000	1(1)
2(1)	34,500	Donnelley (R. R.) & Sons	None	None
3(1)	11,300	Eastern Industries	None	None
3	2,900	Fansteel Metallurgical	1,000	1
2	4,300	General Time	3,000	1
3	21,400	Gillette	10,000	1
1	2,000	Glidden	6,000	1(1)
5(3)	25,600	Halliburton Oil Well Cementing	5,000	1(1)
2(1)	2.000	Haloid Xerox	None	None
2(1)	17,700	Hertz	8,000	1(1)
2	17,000	McGraw-Hill Publishing	7,000	2(2)
2(1)	6,000	Metals & Controls	None	None
6(2)	12,600	Newmont Mining	200	1
4(3)	116,800	Outboard Marine	21,000	2
1	7,000	Perkin-Elmer	1,700	1
2(2)	26,500	Philadelphia & Reading	None	None
2	3,400	Procter & Gamble	None	None
2(1)	57,700	Revlon	None	None
1	1,000	Simmons	2,200	1(1)
3(2)	25,000	Stone & Webster	7,800	1
3(1)	8,600	Wrigley (Wm.), Jr.	1,000	1(1)
1	*1,500*	*Harbison-Walker Refractories*	*6,200*	*3(2)*
None	*None*	*McKesson & Robbins*	*25,700*	*4(2)*
None	*None*	*Minnesota Mining & Mfg.*	*7,000*	*3(1)*
1(1)	*5,000*	*Newport News Shipbuilding*	*5,200*	*4(1)*
1	*1,500*	*Polaroid*	*7,200*	*2(1)*

Continued from page 26

Funds Buy Aggressively Midst Market-Business Rise

(9,800) and Eaton & Howard Stock Fund (in a 5,200-share closeout). Owens-Corning Fibreglas was eliminated by Chemical Fund, Adams Express, and Bullock; and also sold by American International.

Divided Attitude Toward Finance Companies

Despite the prospect of improving consumer installment business, finance company stocks found little receptiveness among the fund managements during the quarter. While there was some limited liking for C.I.T. and Pacific Finance, opinion was divided about Associates Investment and Beneficial Finance, and important selling occurred in Commercial Credit, Household Finance and others. Of Commercial, the largest seller was Fidelity (21,300); of Household, Wellington (25,000), although offset by an equally large purchase from M.I.T.

Foods Mixed

Evincing the cyclical shift from the defensive area, foods became devoid of managements' interest. Among the better liked issues was Continental Baking, acquired by Tri-Continental to the tune of 33,000 shares. Heavy liquidation continued in Corn Products, prior to its merging with Best Foods. Also in general disfavor were General Foods and National Dairy, the former closed out by Selected American, with Scudder Fund acquiring it newly. Selected American also reduced its holding of National Dairy.

Metals of Mixed Popularity

In this period of lagging demand for metals, with first evidence of cyclical recovery becoming apparent only late in the quarter, aluminums and coppers met with decidedly mixed reaction on the part of portfolio managers. Among the aluminums, buyers exceeded sellers only in Reynolds Metals and its parent, U. S. Foil, while the opposite took place in Aluminium Ltd., Alcoa and Kaiser. The unusually heavy liquidation in Aluminium Ltd. was led off by the Tri-Group, with closeouts aggregating not less than 183,000 shares, joined by Fundamental (40,000), the Adams Express Group (34,500) and others; Loomis-Sayles was one of the few buyers, with 14,400 shares. Contrariwise, the Tri-Group was the largest buyer of Alcoa (31,000 shares), offset, however, by Chemical Fund and others as sellers. Solitary buying of Kaiser by Incorporated Investors (25,300 shares newly) contrasted with an 11,000 share sale by Fundamental Investors and with closeouts by two others.

Among the coppers, Anaconda was easily the best liked issue, with Selected American the largest buyer (20,000). Second best demand was shown for Magma, with only one seller (United Science). But toward big Kennecott and Phelps Dodge the attitude was very much divided and, in fact, leaned toward the selling side (the Bullock Group and Scudder Fund being the larger sellers of the former, and National Securities Stock and Delaware the larger sellers of the latter).

Natural Gas Divided

Still-pending court proceedings continued to cast a shadow over the natural gas stocks. None of these stocks found buying interest by any sizable number of managements. While in a number of issues fair buying occurred, heavy liquidation came into Arkansas-Louisiana Gas, Consolidated Natural Gas and Republic Natural Gas. Of Consolidated, Investors Mutual sold 33,000 shares; of Republic, Incorporated Investors 36,000 shares.

Domestic Oils Whipsawed

In the absence of strongly encouraging earnings prospects, the preponderantly domestic oil stocks were subject to conflicting attitudes on the part of portfolio managers. Relatively well liked were Continental Oil, Cities Service, Shell, Signal (to be merged with Hancock) and especially Sunray Mid-Continent, the last-named finding its largest buyer in Fundamental establishing a new position with no less than 96,000 shares. New names in investment company portfolios and bought in good-sized amounts were Kern County Land and Texas Natural Gasoline. On the other hand, liquidation was rather heavy in Arkansas Fuel Oil and Union Oil of California, with Fidelity Fund closing out its 20,200 share interest in the latter. Policies toward Atlantic Refining and Amerada were mixed, with sellers slightly outnumbering buyers.

Selling Comes Into the Utilities

The shift away from the stable, defensive and "money rate" groups and toward the cyclical

Forms Bond & Share Corp.

ALTADENA, Calif. — Jeanne Wilkins is engaging in a securities business from offices at 3479 Canon Boulevard under the firm name of Bond & Share Co. She was previously with Dempsey-Tegeler & Co. and J. Logan & Co.

Form Hannibal Associates

Hannibal Associates, Inc. has been formed with offices at 99 Wall Street, New York City, to engage in a securities business. Officers are Donald M. Boris, President; Israel Boris, Vice-President, and Miriam Goldstone, Secretary.

industries left its mark on the utilities, although this was, of course, by no means a uniform or exclusive trend. In fact, American Tel. & Tel. maintained its position as one of the stocks best liked by portfolio managers; buying of it once again exceeded 100,000 shares, this time encouraged by still-uncorroborated split rumors. The good buying of Pacific Gas & Electric was stimulated by the rights offering during the period under review, although United Science Fund also established a new position with 20,000 shares. Other utilities liked include Central & South West, Consumers Power (with One William Street and Madison Fund the larger buyers); Houston Lighting & Power, Idaho Power, Southern Co., Southern California Edison, Tampa Electric and—as a new name—Cuban Electric. But liquidation was particularly heavy in Columbia Gas System (54,700 shares alone by the Affiliated Fund-American Business Shares Group), Niagara Mohawk, and Public Service Electric & Gas, with Investors Mutual selling 65,600 shares of the last named.

Considerable Selling of Rubber and Tire Stocks

As is so often the case, a mixed attitude prevailed toward this group, and only the likes and dislikes with respect to individual stocks tend to shift between quarters. This time Firestone, General and Goodyear met with strongly pronounced favor, especially on the part of the big new funds (except in the case of General). On the other hand, however, selling exceeded buying decisively in Goodrich and U. S. Rubber; of the former, the Bullock Group was the leading seller (19,700 shares), while in the latter sales by the Tri-Group (36,900) and by Fundamental (24,000) outweighed initial buying by Investors Mutual (22,000).

Tobaccos Trendless

Here well-bought Philip Morris and Reynolds (the former by the National Securities Group, the latter largely by the United Funds Group) contrasted with liquidation of American Tobacco (largely by National Securities) and Lorillard (of which Affiliated Fund alone disposed of its 30,000-share block).

Activities in the Miscellaneous Category

International Nickel, in the face of lower earnings reports, was well bought by the newly organized funds as well as Investors Mutual, Stein Roe, and Selected American. Newmont Mining was likewise fairly well bought, as was Outboard Marine, in which Affiliated and Investment Co. of America established new positions with 54,800 and 25,000 shares, respectively. Halliburton Oil Well attracted three new buyers, with United Accumulative the largest; State Street sold out this. Philadelphia & Reading, the anthracite-rooted enterprise now a diversification leader registering sensational stock market gains, attracted two first-time buying managements, Fidelity (21,000 shares) and the Value Line Group (5,500). Minnesota Mining, despite its continuing Blue Chip popularity with the public, was again liquidated; the liquidators including National Investors, Selected and Wellington.

With Craig-Hallum

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Thomas P. Burns has been added to the staff of Craig-Hallum, Inc., 133 South Seventh Street. He was formerly with Reynolds & Co.

Two With Southern Inv.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Paul P. Greene and Jack N. Hendrix have been added to the staff of Southern Investment Company, Johnston Building.

With McKendrick, Haseltine

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Victor J. Lyons is with McKendrick, Haseltine & Wilson, Inc., 114 South Ninth Street.

With M. H. Bishop

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Thomas W. Rutter is with M. H. Bishop & Co., Northwestern Bank Building, members of the Midwest Stock Exchange.

With Bennett-Manning

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Daniel B. Shapiro has been added to the staff of Bennett-Manning Company, 8417 Beverly Boulevard.

With Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward Edison has become affiliated with Evans MacCormack & Co., 453 South Spring St., members of the Pacific Coast Stock Exchange. He was formerly with Morgan & Co.

Lawrence Doyle Opens

LONG ISLAND CITY, N. Y.—Lawrence G. Doyle is conducting a securities business from offices at 42-33 Twenty-fourth Street.

Form Sterling Associates

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Sterling Associates, Inc. has been formed with offices in the Johnston Bldg. to engage in a securities business. Officers are James W. Squires, President; Jonathan G. Gullick and W. Olin Nisbet, Jr., Vice-President, William R. Hackney, Jr., Secretary; and Robert S. Abernethy, Jr., Treasurer.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market, despite the fact that the new money raising operation is out of the way, is still pretty much a professional affair, since the year-end refunding has yet to be provided for. The new funds of about $3,000,000,000 which the Treasury obtained through the issuance of a short-term obligation, namely a 214-day tax anticipation bill, was in line with expectations. Nonetheless, the feeling still persists among many money market specialists that the Treasury will make an offer, in an option deal, in the impending refunding which will extend the maturity of the Government debt.

The demand for short-term issues continues to be strong in face of the increase in the supply of these securities. This is taken to mean that the uncertainty which overhangs all fixed income bearing obligations is not likely to be lifted until the inflation fear or inflation psychology has subsided in some measure. Liquidity continues to be the one best hedge in a period like this one.

Not a Penalty Rate

The Federal Reserve Bank of New York last week moved the discount rate up from 2% to 2½%, thereby joining the other 11 Central Banks that had hiked this rate previous to the 2½% level. This is not the first time that the New York regional institution has given indications it might not be in full agreement with the action taken by the Federal Reserve Board and the other Central Banks. Nonetheless, there has been a minor increase in discounts and advances with the 12 Federal Reserve Banks, including the New York institution.

With the discount rate even at 2½%, it is not a real penalty rate, which would appear to indicate that the monetary authorities do not want to tighten the money and credit picture too severely at this time. It is evident that a fairly tight rein will be kept on the money market for a time, through the medium of open market operations. It can also be observed by the way in which the free reserves of the member banks will be allowed to fluctuate within limits which are considered to be in line with the policy which is being carried out by the money managers.

Refunding Operation in Spotlight

The impending refunding operation of the Treasury continues to hold the spotlight even though the current new money raising venture has been taken care of. The $12,000,000,000 maturity of the Treasury is expected by most money market specialists to be taken care of by way of an option offer to the owners of the issue which are coming due next month. There seems to be rather widespread agreement that a one year obligation will definitely be a part of the package deal. Such an obligation would take care of the needs of the Federal Reserve Banks, the largest holders of the December maturity.

It is evident from past experience that the Central Banks are mainly interested in exchange maturing issues for Treasury obligations which have about a year to run. By staying in the short maturities the regional institutions evidently believe they are in a better position to influence the action of the money market in the direction which is desired.

Impact of Possible Long Bond

As to how the balance of the refunding will be handled, that is the privately owned sector, appears to be subject to considerable amount of conjecture. It is evident that the Treasury would like to extend the maturity of the Federal debt, but conditions have to be favorable for this to be done in a manner which will not have an adverse effect on the outstanding longer-term issues, and the capital market is general. It is obvious from the way in which the more distant maturities of the Government have been action that the Treasury, even with a rather limited offer on an optional refunding deal, will have to make the coupon rate of a longer-term obligation very attractive in order for it to be a success. This could have an adverse effect on the whole capital market, since a higher rate for a Treasury obligation would bring about higher yields for corporate and tax-exempt bonds.

Views on Desirable Refunding Terms

Because the Treasury has been able to sell short-term securities in the raising of its new money without adding in any appreciable way to the money supply, it is believed by not a few experts on Federal financing that short-term issues should also be used to take care of the December maturities that are held by others than the Central Banks. Some opinions are being expressed than an obligation or obligations similar in character to the outstanding 2-4s and 2½-5s, convertible at the option of the holders, could be a way in which part of the December maturities could be refunded. There might also be a reopening of some of the outstanding issues.

Joins E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter J. Gilgert has joined the staff of E. F. Hutton & Company, 623 South Spring Street. Mr. Gilgert was formerly with Sutro & Co.

With Woolrych, Currier

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John G. Carter has joined the staff of Woolrych, Currier & Carlsen, 233 A Street. He was formerly with Eastman Dillon, Union Securities & Co.

With Berwyn T. Moore

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Theodore G. Durham is now with Berwyn T. Moore & Co., Inc., Marion E. Taylor Building, members of the Midwest Stock Exchange.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William D. King has been added to the staff of Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

World Bank to Sell $100,000,000 Bonds

Eugene R. Black, President of The International Bank for Reconstruction & Development (World Bank), announced yesterday (Nov. 12) that the bank proposes to offer during the week beginning Nov. 17, a new issue of $100,000,000 principal amount of 4½% 15-year bonds due Dec. 1, 1973, through a nationwide underwriting group of dealers and commercial banks under the joint management of The First Boston Corp. and Morgan Stanley & Co.

The bonds will be non-callable for the first ten years except for a sinking fund commencing June 1, 1964 and calculated to retire 50% of the issue prior to maturity.

As in recent issues, the bank, in addition to offering bonds for regular delivery, will extend to certain institutional purchasers of the bonds, the privilege of making delayed payments, giving them the selection of specified delivery dates through Dec. 1, 1960.

It is expected that the managers of the underwriting group, in the interest of broadening the market, will again reserve a portion of the bonds for subscription by underwriters and dealers to sell to institutions which have not previously bought World Bank securities.

With W. G. Nielsen

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif. — Donald M. Dilts has been added to the staff of W. G. Nielsen Co., 362 East Olive Avenue.

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

STOCKTON, Calif. — Lloyd E. Moran has become affiliated with Harris, Upham & Co., 340 East Weber Avenue.

Joins Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ALTON, Ill.—William J. Fisher has been added to the staff of Fusz-Schmelzle & Co., Inc., 201 East Broadway. He was formerly with Quail & Co.

With Hugh W. Long & Co.

ALAMEDA, Calif.—Richard J. Janusch has been appointed a regional representative for Hugh W. Long & Company, Inc. one of America's leading mutual fund sponsors. He will make his headquarters in Alameda, Calif.

Continued from first page

As We See It

credit, or if business enterprise is deterred, or is believed to be deterred, from expansion by reason of the cost of funds it must have for the purpose.

Manipulation Possible

It is true enough, of course, that a central banking system with huge gold reserves—and liberal laws under which to operate—or even the national government itself can at least for a limited period of time reduce interest rates far below their natural level as was evident during the New Deal days. Whether such action would stimulate consumer buying and business expansion is another and very different story. The immediate effect of any such artificially created ease in the money market naturally would vary a great deal with circumstances in each particular case, but nothing is more certain than that if carried to extremes, as many today would do, severe injury to both business and consumer would result. It is equally true that the Federal Reserve System could, if it were of a mind to do so, create artificially high interest rates and thus do injury to legitimate business and ultimately to the consumer. Nothing of the sort has been done in recent years, and there is no reason to expect that there will be in the future.

Our danger lies in lack of understanding of the meaning of high or low interest rates. To put the matter bluntly, and possibly a little over-simply, high or rising interest rates are a symptom of failure of current production to provide the goods and services demanded by the people, including consumers and business—that is in the absence of purely arbitrary interference by central banks or government, and barring temporary maladjustments among the factors of production and distribution.

The feeling is all too common that "tightness" in the money and investment markets is solely a result of restrictive, perhaps unduly restrictive, policies of the Federal Reserve authorities. With this misconception abroad it is hardly surprising to find so much demand for changes in central bank policy. In a good many quarters the Eisenhower Administration was accused of hurting business and employment by restrictive credit policies—the implication being that these authorities took their orders from the White House. What actually happened was that business and consumers tried to spend more than current production would provide; borrowing, or trying to borrow when cash was needed. Funds available for investment were scarce because current income had been expended upon what was wanted in the way of consumers goods in too large a measure. In other words saving was insufficient. The Reserve authorities merely refused—for a time at least—to create funds arbitrarily or to encourage their arbitrary creation, to take the place of funds which had not been saved.

What Does He Mean?

Now what does Senator Johnson mean when he says that his party plans to "face up" to these higher rates? Does he mean, as so many demand, that arbitrarily created bank deposits should or will be available to replace saving? Or does he mean that the facts of life in the world of banking and credit will be faced squarely and such restrictive rates as we ourselves create in the course of our economic activity will be accepted and permitted to have the corrective effect which alone will save us from inflation and its corrosive consequences? We can only hope with such faith as we can muster that this latter is what the Senator has in mind.

Such a course would be our salvation, but any such goal would be much harder to reach than might be supposed. In the first place, of course, the New Deal inculcated with great efficiency a contrary and very dangerous doctrine—that very nearly all economic ills could be cured by playing fast and loose with the credit system. More than that, we face a Federal deficit of around $12 billion. If all the other plans apparently in the Senator's book are to be given effect, this deficit would grow larger not smaller. A distressingly larger part of the additional outlays involved in his schemes would be made for no productive work whatever. If taxes were to be raised to cover these outlays, large sums would be taken from current income for no constructive purpose. If the Treasury is to be obliged to go into the market and borrow these funds in competition with private borrowers, the government would have to reconcile itself not only to higher interest rates generally but to much higher interest cost on its own borrowings—and, in addition, private enterprise and consumers would have to do without funds they otherwise could have.

One essential element in any program to limit the height of interest rates is a radical reduction in governmental expenditures—essential, that is, to any program which can hope to keep such rates within reason without at the same time flooding the country with arbitrarily created funds certain in the end to bring higher prices and general dislocation in industry and trade. President Eisenhower has had a number of sound comments to make on this score, but the doctrine expounded has not always been embodied in his programs. Both the President and the Senator would do well to give the matter more careful thought.

Continued from first page

Competitive Coexistence—Without Competition

and again, the West finds itself in the uncomfortable position of a creditor to the East, with long delays in payment. Right now, Austria is stuck with $17 million claims in her "clearing" with Iron Curtain countries; Argentine scurries around to find a taker, offering 40% discount, for $50 million acquired from exports to the Workers' Paradise. Also, commercial treaties with monolithic regimes are worthless. As one who negotiated such a treaty exclaimed: "If we grant you a low tariff on caviar, you will swamp us with it; but if you grant us a low tariff on jewelry, there is not the slightest chance to boost our exports unless your government should want jewelry."

Even "cash on the barrel" deals do not always work out to the benefit of the customer. The Soviets exasperate the trading partners by petty bureaucratism, as Danish businessmen complain bitterly. Orders are cancelled abruptly and delivery promises are not dependable — perhaps because of frequent mishaps in their planning. They sell without regard to costs. When a market is depressed, you can count on the Russians to undercut it at dumping prices for wheat, cotton, petroleum, antimony, aluminum, timber, newsprint, potash, even though the distressed commodity usually is in scarce supply in their own country. But they exact usury prices for Silesian coal, as an example, when Western Europe runs short of solid fuels.

There is no continuity in their purchases; they bargain to the limit, demand the best service, and may never call on the seller again. Following the Hitler pattern, Russia uses every trick in the bilateral book to outwit even the much-courted underdeveloped countries. Last year, Burma delivered rice as per agreement; in exchange, Russia offered cement — far more cement than the Burmese could use or store. In Turkey, they outbid the American buyers of tobacco for which they paid in Soviet goods; pretty soon, a considerable quantity of the same tobacco reappeared on the dollar market.

As buyers of manufactures and machines, the Communists reap extra profits—by stealing patents.

The New Economic "Offensive"

After 30-odd years of experience with Soviet "business" practices, the West should have learned a lesson, but did not. Wild enthusiasm greets every new Bolshevist "trade offensive"

". . . the House of Commons staged a most pitiful affair. With only a couple of exceptions, the speakers . . . on trade with the Communist bloc showed themselves . . . ready to heap up popular illusions, banalities, and gross factual errors. Most of them took as their basic assumption the . . . unwarranted idea that Soviet long-term policy . . . has changed so dramatically as to change the whole world situation. The air was full of technicolor visions of limitless markets in the East. Even *the hoary fallacy that attributes all responsibility for the low level of East-West trade to the western strategic controls* was revived, in flat defiance of the statistical evidence of shortages of grain, timber, and other East European exports." (Italics ours.)

The above is from the London *Economist* of March 27, 1954. The date might have been any of a good dozen other years (since 1924). Each time the sweet prospect of enormous new markets fizzles out; but it is different *now*, the Faithful insist at each new turn of Moscow's propaganda-screw.

Lately, a new Soviet "challenge" sends shivers down sensitive spines, and not only in Europe. One fly-by-night tourist to Russia after another (business-men, to behold) returns with rapturous admiration. It is not any longer so much that they expect limitless outlets for Western goods. The novel development is the alleged threat of Soviet competition even in manufactured products. Krushchev's bombastic extrapolations of Russian production outpacing America reverberate throughout the Free World. Orator after orator, domestic and foreign, calls on us to do something if we do not want to lose out. What we may lose is not quite clear; it is clearer what we are supposed to do in order to meet the "new economic offensive": we should spend more, much more, on Foreign Aid.

What the President meant by the statement in the last State of the Union message—that the Soviets may conquer the free world by economic offensive—has never been elucidated. But it did help to deepen the general confusion. Here come the special interests in gold, appealing to the stratospheric imagination as a propaganda-ace for dollar devaluation. Unless the price of gold is doubled or tripled, they argue, the Soviets will swamp the world with cheap wares and bring about a bottomless depression. If so, one may ask, why would they not do the same after the devaluation? And what would keep the West from stopping the Soviet dumping? (Britain has just put the import of Russian tin and tin alloys under licensing, and so did Holland.)

Temporarily, Soviet dumping can be very embarrassing. But how long, as an example, can Red China go on underselling by 15% the cheap Japanese textiles? Or Russia offering ships for sale, as she does right now, to enhance the glut of cargo vessels? In any case, the answer of the West should be: universal boycott. Instead, there is near-universal resentment against any American interference with exports to the Soviet bloc, which are of negligible significance to the West, but very important in speeding up Soviet war preparations.

Foreign Aid by the Soviets

Great excitement is caused by the fact that the Communist Bloc has thrown its hat into the Foreign Aid arena. The hat is very small, but the confusion it creates is in inverse proportion to size. Since 1954, according to a recent State Department release, Russia has committed $1,900 million, China $55 million. This is less than what the Colombo Plan has offered to the South Asian nations, let alone the $20-odd billions we have disbursed in the same period. The Soviet "aid," including $378 million in arms to Egypt, Syria, Yemen, and Afghanistan, consists of intermediate- and long-term (low interest) loans for which the recipients pledge major portions of their future export crops—at prices above the world market, thus tying themselves to the Soviet bandwagon. And these modest credits are being disbursed very slowly. By the end of 1957, actual deliveries (other than arms) amounted to a mere $150 million; the $464 million promised to Yugoslavia have been cancelled.

Such is the record of the much-heralded foreign aid by the Soviets. Yet, it is far more successful than ours. They do not squander their resources on two scores of lands as we do; altogether eleven countries (ten only, after dropping Yugoslavia), enjoy their "benevolence." They operate in a businesslike fashion — nothing free of charge. And effective political strings are attached to every Red credit. Tito found that out. Nehru knew it all along; hence his hypo-critical attitude. Nor would Nasser draw a "red" cent if it were not for his political usefulness.

Soviet foreign aid costs very little and brings propaganda dividends (for how long?). Ours is very expensive and produces widespread dissatisfaction and an ever-increasing pressure for more boondoggling.

The Rationale of Soviet Trade and Aid

Ultimate self-sufficiency is axiomatic to every planned economy, especially so in the Soviet case. Economic isolation is just as essential to the survival of the Communist system as are military self-reliance, monolithic discipline, and global subversion, the four pillars of war preparation and world revolution.

The Communists look at the international market as a power contest, not a meeting of supply and demand. To them, any profit gained by the capitalists is a loss to the socialists; why should they contribute to strengthening their deadly foe? They buy from the West only absolutely needed raw materials and equipment goods, the latter in order to strengthen their own military potential and to dispense with future imports. They sell or loan for two ulterior motives: to acquire foreign exchange and to foment chaos.

Foreign exchange, not just propaganda, is the object of their efforts to attract tourists without regard to the cost in domestic currency. They are very short of Western money because their own moneys are worthless abroad and they are constantly in deficit in the East-West trade, imports running as much as 50% over exports. (Their gold is being used sparingly, being hoarded as a war chest.) Even without ideological and bureaucratic inhibitions, their imports would be sharply restrained by lack of salable goods for export. On the world market, the Bloc's physical shortages preclude its being a serious competitor of—Germany, to say nothing of America or even the British Commonwealth.

This is the crucial point. The Soviet system may be technically progressive, but it is fraught with inherent shortages which prevent a large-scale and sustained expansion of its foreign trade. Adequate production obtains along one line: arms, which absorb up to 50% of its investments. For the rest, the Kremlin is up against a number of very frustrating problems, one in particular; the absence of an effectual price-mechanism. Another is the outgrowth of Soviet policies in the Satellite countries.

Inter-Soviet Business

One kind of "foreign trade and aid" is flourishing and expanding behind the Iron Curtain—the one within the Soviet Bloc. It is very significant in explaining both: Russia's rapid recovery after 1944 and her predicament since 1955.

Russia's rise out of ruins is being admired no end. In reality, it is less remarkable than the renascence of the far more damaged German economy, to mention one. The Germans accomplished in fewer years a much greater measure of progress—especially also of living standards, not just of construction and equipment. But Germany has been helped by America while Russia is supposed to have raised itself by its own bootstraps. Nothing is further from the truth.

The late Ernest Bevin, Labor's foreign secretary, made the statement that Rusasia's loot in East Germany alone was worth $7 billion. That was in 1951; the looting continued for another four years. The rest of Russian occupiel countries were treated similarly. Not only equipment was removed wherever possible. In country after country, even private households were thoroughly ransacked. The Baltic States were swallowed altogether. Finland's nickel mines were annexed, Rumanian and Austrian oil, Hungarian aluminum, Polish zinc, sequestered, and so on. Little Finland, in addition, paid in effeet more than ½ billion dollars in reparations (nominally $225 million). Reparations came also from Italy; Austria is still paying. Wherever the Russian army went, the commissars helped themselves to all technical know-how, often to the technicians as well. They received American aid, some $0.6 billion after the War. Probably as much as $3 billion of the wartime lend-lease to Russia was economic aid, too, including the equipment of entire factories (a huge paper mill, for example), trucks, etc. Washington is still corresponding with Moscow about lend-lease ships to be returned.

Then, Russia built up a structure of "commercial treaties" with the European Satellites of the type the Nazis used to impose on Danubian and Balkan nations: prices set low on their products and high on the Russian exports. All told, the "aid" the U.S.S.R. drew in one form or another must have been in the order of $25 billion, if not more, not counting the value of the forced labor and know-how exacted from millions of war prisoners and non-Russian deportees.

All of which was vital to Russia's recovery. But the Satellite economies were tottering under the double strain og reckless Bolshevist waste and ruthless Russian exploitation. They had been milked to the point where chaos was threatening. The growing unrest, culminating in the bloody Hungarian revolt of 1956, could be checked by force. But force was helpless against an economic debacle. Nor was it enough to slow down the process of Bolshevization. The inter-Soviet flow of "aid" had to be reversed.

It was reversed, indeed. Reparation claims against Satellite countries were cancelled, the prices for their exports (to Russia) substantially raised. The control of whole industries, previously grabbed by the Kremlin, was returned to the respective local governments. Actually, Moscow had to provide "aid," such as by assuming responsibility for Hungary's commercial debts to the West, putting up plants in East Germany, etc. The quality of Russian goods had to be improved and their prices revised.

From colonies subject to exploitation, the Satellites turned into dependencies in need of subsidies. What is more, they have now the first call on Russia's exportable surpluses, such as they are. That alone trims the style of her exports to the West.

The adverse change—very adverse to the Socialist Fatherland—is epitomized by a change in "tone." Stalin had haughtily refused to accept Marshall Plan funds; the Satellites were forbidden to take them. His successor not only tolerates American aid to Poland, he actually requests it for the proud and mighty U.S.S.R. itself!

And we have not mentioned Red China as yet. It means still another drain on Russia's resources. Their "commercial" traffic balances at 5 billion to 6 billion rubles, whatever that is, on each side of the ledger. So the Soviet statistics say; they do not include arms, and do not mention credits, from Moscow. But the published data make it clear that it has to provide the things essential for traffic with the West, such as mineral oil and its derivatives (the largest item), steel, alloys, pipes, and so on. In exchange, Russia receives miscellaneous raw materials, but largely foods and consumer goods: silk and silk fabrics, hides, various textiles, porcelain, soya bean oils, frozen meats—mostly things planners could dispense with.

The "Threat" of Left-Overs

The volume of inter-Soviet trade is a multiple of East-West trade. The U.S.S.R., in particular, is struggling to take care of the former which has become, since 1955, increasingly burdensome. Given the Russian industry's extraordinary expansion (let us take it for granted) and its relatively low level of productivity, its capacity for world market competition is limited, as shown by the figures quoted above. And they must stay limited for the visible future.

So far, and in the visible future, the threat of a Russian economic "penetration," as distinct from a military-political one, is a pure mirage. Which is no surprise in the face of collectivist planning and management—the wasteful and futile attempts to find workable substitutes for the gauges by which the economic process can be rationally guided: profits and prices, established on competitive markets.

In any case, Soviet exports to the West are so small today as to amount to no more than the leftovers of a vast economic empire—one per cent or so of its total output—and that at the price of very low wages and great domestic deprivations. How much "penetration" is achieved, other than of the psychological kind which the "export" of the Bolshoi Theater's ballet reaps?

For the last fourteen years, trade with the Iron Curtain accounts for over 20% of Finland's total trade, the largest percentage for any nation on this side of the Iron Curtain (disregarding Afghanistan), with some demoralizing effects on the Finnish system. Yet, it is as far from turning Bolshevist as it ever has been. Nor do Egypt and Syria show any tendency to go down the Communist drain, despite the fact that both countries are honey-combed by Soviet military and civilian experts. But their local Communists are preserved—in jail or exile. Incidentally, do we not send swarms of experts (and salesmen) to the areas where we operate? If the Soviet men seem more successful in subverting some countries, it is because of specific conditions and political interests, never by trade or aid.

Or take an individual commodity that used to be a chief export article of Russia. Within a couple of years, 32.5 million acres of new farm land were put under the plow in Siberia. Pronto, the cry went up: Russia will swamp the world with wheat! We have before us the report of a German (official) expert who lived for many years in Soviet Russia and just returned from an intensive study-trip through the new Siberian farm land. He is not biased against the experiment; in fact, he is deeply impressed. His conclusion is, however, that due to climatic and soil conditions, no major wheat surplus for export can be expected. **At best,** Russia will have enough grain for her own food and feed—and let the fantastic cost in manpower and material, to the detriment of other industries, hang.

NASD District 12 Receives Nominees

Blancke Noyes, partner, Hemphill, Noyes & Co., New York, and Graham Jones, partner, Cooley & Co., Hartford Conn.,


Blancke Noyes


Graham Jones

have been nominated governors of the National Association of Securities Dealers from District No. 12 which includes the states of New York, Connecticut and New Jersey. Nomination is tantamount to election and the two men will begin serving three-year terms in January. Two New Yorkers are retiring as NASD governors: Charles L. Bergmann, partner, R. W. Pressprich & Co. and Harold H. Cook, partner, Spencer Trask & Co.

The following were nominated to serve as members of District Committee No. 12: Gustav A. Alexisson, partner, Granberry, Marache & Co.; John W. Dayton, partner, Clark, Dodge & Co.; Homer J. O'Connell, Vice-President, Blair & Co.; Robert A. Powers, partner, Smith, Barney & Co.; Craig Severance, partner, F. Eberstadt & Co.—all of New York, and Leslie B. Swan, partner, C. W. Scranton & Co., New Haven, Conn.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Patrick J. Murphy has become connected with Reynolds & Co., 39 South La Salle Street.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Edward P. Walker is now affiliated with Harris, Upham & Co., 136 Federal Street.

With Eaton & Howard

BOSTON, Mass.—Willard Howard, is associated with Eaton & Howard, Incorporated, 24 Federal Street.

Two With Lee Higginson

Richard A. Hansel and Harry L. Koenigsberg have joined the investment banking firm of Lee Higginson Corporation, 20 Broad Street, New York City, members of the New York Stock Exchange, as registered representatives.

State Investors Branch

GLENS FALLS, N. Y. — State Investors Service has opened a branch office in the Queensbury Hotel under the management of Joseph L. Bruno.

Securities Salesman's Corner

By JOHN DUTTON

Record Keeping Is A "Must" Today

The investor and the investment salesman must both keep accurate records of every transaction if an investment account is to be properly supervised under today's regulations, and the considerations which arise from the tax problems which must be analyzed. No longer is it possible to buy and sell securities, collect dividends, and forget the accurate record keeping that must be maintained. Following are certain records that every investor should have in his files:

The date of purchase of a security is important because the time for which it is held determines whether or not the holding period is long or short from a capital gains tax standpoint.

The description of the security should be accurate. If there are several classes of common such as an A or a B stock, or if a preferred stock of a certain par value, or if convertible, the terms should also be stated. All bonds should be fully described as to complete title, series if any, maturity and interest rate. Where there are warrants attached to bonds the number of warrants and the subscription privilege they afford should be included in the records of an account. This includes expiration dates pertaining to subscription privileges.

The elements of cost should be recorded such as unit price per share or per bond, also commissions paid (if bought on an agency basis) and the total cost thereof. These records should likewise be kept when securities are sold.

In the case where there are stock dividends the date they are received should be recorded and the number of shares as well. Where Mutual Funds are held the distribution of capital gains should be specifically recorded since their tax treatment is usually based upon the ruling that they are considered long-term capital gains and not current income.

The recording of the transactions which evolve from the receipt of rights should be very carefully stated in an investor's records. If they are sold, the net sum received after expenses should be available for handy reference when tax time comes about. If exercised, the securities purchased and the cost thereof should also be noted in just the same way as was the original investment.

In the event there is an investment in rights, or long-term warrants are held in the account, the date of expiration, and of price changes for the basis of exercising them, should also be available for ready reference. Otherwise, a valuable privilege may expire through an oversight that could be otherwise avoided.

Vital for Estate Purposes

The foregoing records are absolutely essential to the proper supervision of an investment account. Unless these records are available, time and trouble is incurred and it is necessary to then recheck broker's records that are not always accessible. Also, in the event securities are bought by one member of a family for another person and the problem of estate settlement arises (as it does eventually for everyone) the records should be complete. If there has been a gift, it should be so noted, also the date thereof, the title of the security, and its value at the time it was received by the donee. This data should be confirmed by a supporting notation attached to the security and kept in a family lockbox. In the event there is a question of ownership during estate settlement, or if the investment is later liquidated, the cost must be ascertained for purposes of assessing capital gain or loss.

The Salesman Can Help His Customer and Himself

The importance of this record keeping to which we have referred should be discussed with customers who may not be aware of the need for it. The salesman should also keep a customer's ledger, either on cards or in a loose-leaf book where he can record the data we have suggested here. The original information can be obtained from copies of confirmations which pertain to the securities he is selling to the client. Other data can be acquired after he has had a discussion as to the advisability of setting up a record system for the customer.

An analysis of a customer's holdings can be the result of a conference pertaining to record keeping, and this should produce a much closer relationship between salesman and customer than existed before this proper approach to account management was accomplished.

Coast Exch. Member

Election of Milton S. McEvers to membership in Pacific Coast Stock Exchange through purchase of a membership in the Los Angeles Division, was announced by Frank E. Naley, Exchange Board Chairman.

Associated with Daniel Reeves & Co., Mr. McEvers will become the firm's second member on the Exchange floor.

Mr. McEvers began his securities career as a reporter on the Exchange in 1948, and has since been a clerk and floor trader on the Exchange for other member firms.

Newburger, Loeb Adds

Newburger, Loeb & Co., 15 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges, announce that the following registered representatives have joined their organization: Joseph Broder, Monroe L. Erichson, Andrew H. Freund, Louis E. Lafleur, Lester Meyer, John F. Settel and Cyril Shapiro.

Hayden, Stone 25-Yr. Club

The 12th annual dinner of the Hayden, Stone 25-Year Club was held Thursday, Nov. 6 at The Antlers restaurant.

The club is composed of 44 members who have been associated with the investment firm of Hayden, Stone & Co. for a quarter of a century or longer, including three members, Herbert G. Bell, William A. Harrington and Charles Finkler, each of whom has been with the firm for more than 50 years. The firm was established in 1892.

At a meeting prior to the dinner Benjamin Seigel was elected President, Paul Eng, Vice-President, Hunter Graham, Treasurer and Winifred Michel, Secretary, to serve for the ensuing year.

With Montgomery, Scott

PHILADELPHIA, Pa.—Montgomery, Scott & Co., members of the New York Stock Exchange and other leading exchanges, announce that Stanley Grossman has become associated with them as a registered representative in their Philadelphia office, 123 South Broad Street.

Mr. Grossman has been active in the investment securities business for the past five years.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

THE NEW YORK TRUST COMPANY

The present New York Trust Company is the outgrowth of the consolidation of four banks. None of the mergers during its history was made to attain mere size; each component bank served to bring to New York Trust its specialized branches of the banking business, and resulted in a very well integrated unit. The company started business in 1889 as New York Security & Trust Company, and in 1904 Continental Trust Company, chartered in 1890, was merged with it. In 1905 the title was changed to the present one.

A merger of New York Trust Company and Liberty National Bank was effected in 1921, the name of the former being retained. Liberty National, primarily a commercial institution, had in 1919 acquired Scandinavian Trust Company, which brought an excellently equipped foreign department to the ultimate consolidation.

The original New York Trust Company had built up a substantial corporate and personal trust business, and in September, 1949, this was further expanded by the acquisition through merger of Fulton Trust Company.

Starting in 1889 with deposits of approximately $2,300,000, New York Trust has seen this item grow to over $750,000,000. The bank has been fortunate in having over its history a group of influential members on the directors' board. It derives a substantial proportion of its income from wholesaling its credit, but every effort is made to cultivate smaller accounts. This has had the effect of keeping down overhead and enabling the institution to operate with a relatively small staff. It is regarded as one of the most compact of New York's large banks. It is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation. There are six branches operated.

Statement of Condition — September 30, 1958

Assets		Liabilities		
Cash and due from Banks	$205,511,000	Capital	$30,000,000	
U. S. Gov't Obligations	183,968,000	Surplus	40,000,000	
Stock of Fed. Res. Bank	2,100,000	Undivided Profits	14,212,000	
Other Bonds & Securities	52,701,000			$84,212,000
Loans and Discounts	382,621,000	Dividends Payable		1,050,000
Banking Premises	2,914,000	Acceptances		18,949,000
Customers Liab. for Accept.	18,426,000	Accrued Taxes & Other Liab.		7,620,000
Int. Rec. & Other Assets	4,434,000	Deposits		740,844,000
	$352,675,000			$852,675,000

There follows a breakdown by principal categories of these assets:

Cash	24.1%	Loans and Discounts	44.9%
U. S. Gov't Obligations	21.6	Real Estate	0 3
Other Securities	6.4	Miscellaneous Assets	2.7

A maturity distribution schedule of New York Trust's U. S. Government bond holdings for the past eight years follows:

	Maturities Up to 5 Years	5 to 10 Years	Over 10 Years		Up to 5 Years	5 to 10 Years	Over 10 Years
1950	92%	8%a	--	1954	73	27d	--
1951	100	--	--	1955	80	20e	--
1952	99	1b	--	1956	79	21 f	--
1953	91	9c	--	1957	80d	20g	--

a Due within 6 years.
b Due in 7 years.
c Due in 6 to 9 years.
d Mature in 4 years.
e Due in 6 to 9 years.
f Due in 8 years.
g Due in 5 to 7 years.

The bank has therefore maintained a relatively short position in its governments, which leaves it in a much more comfortable position than in the case of portfolios of long terms, for the roll-over of the short-term obligations is comparatively rapid.

There is also given the average rate of return derived by New York Trust on, first, its loans and discounts, and then on the government holdings:

	Average Rate of Return On Loans & Discounts	On Governments		On Loans & Discounts	On Governments
1950	2.44%	1.42%	1954	3.16%	1.90%
1951	2.69	1.54	1955	3.35	2.04
1952	3.00	1.69	1956	3.85	2.10
1953	3.19	1.90	1957	4.23	2.30

There has thus been a betterment of about 73% in the return on loans; about 69% in the governments, a good showing on loans, especially as about half of 1957, with depressed economic conditions, fell in that year.

The reserve for bad debts, set up under a treasury formula, stands at $5.65 a share of the 1,200,000 outstanding stock.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range High	Low
1948	$54.92	$3.25	$402	$2.00	45	40
1949	55.60	3.27	426	2.00	45¼	39⅛
1950	56.94	3.58	475	2.25	48¼	42½
1951	58.48	4.05	469	2.50	56¾	45¾
1952	60.21	4.35	490	2.50	59¼	51½
1953	61.96	4.50	474	2.75	58¼	50¼
1954	63.76	4.68	519	2.75	69¼	54
1955	64.83	4.90	511	3.00	81	69
1956	65.81	5.49	511	3.25	72	63
1957	68.20	5.94	497	3.50	76¼	63¼

*Adjusted for 2-for-1 split in 1955.

There has been a 25% increase in book value during the decade, and one of 83% in operating earnings. The present dividend is about 75% above that of 1947.

There have been numerous rumors involving New York Trust in mergers in the past year or two. None has shown much substance, but the annual report on 1957 operations contained this comment: (emphasis ours.)

"**Certain banks have expressed interest in merging with the trust company. It is the intention of the management to explore this interest. If a specific proposal should result which the Board of Directors shall believe to be in the best interests of the stockholders, such proposal will be submitted to the stockholders for their consideration.**"

Dividends have been maintained by New York Trust since 1894, or for 65 years. At the $3.50 annual rate, with the shares selling at about 87½, the yield is 4%. The dividend pay-out is conservative, about 61% of operating earnings.

The stock ranks as a better grade issue among the country's large banks.

Continued from page 3

The Inflationary Ratchet— Our Gravest Domestic Danger

taken by government. All too often, the "wolf cry," Socialism!, has damaged the cause of free enterprise by false alarms which blunt public awareness of real dangers. But on the issue of inflation, the danger is very real and all the more so because it is insidious and people are apathetic.

An economy like ours calls for money which is fairly stable in value, fairly generalized in purchasing power.

When the dollar that was worth 100 cents in buying power becomes a shadow of itself, we are in for trouble.

When money ceases to be a reasonably stable store of values, the economic system flounders. Savings habits are distorted. Savings are diverted from established channels, such as bonds and mortgages, into speculation in real estate and equities. Interest rates will rise to cover anticipated depreciation of dollar claims because lenders don't want to be trapped. Tax burdens are increased because ficititious profits result from understated depreciation charges.

False Hope Raised by Inflation

It is sometimes argued that moderate creeping inflation is beneficial because it stimulates economic growth. This seems to me to put the cart before the horse. That inflation has sometimes accompanied rapid economic growth, I have no doubt—but, I suspect, as a result, not as a cause.

Growth financed by inflation is chaotic growth. Inflation is an uneven process. It creates false signals and disturbs the normal flow of economic life. It produces maladjustments in the whole structure of production and markets which must be corrected at a later time through the painful process of recession and depression.

Furthermore, inflation creates divisive social strains. People use all kinds of devices to protect their real incomes — escalator clauses in contracts, exaggerated demands for services in expectation that inflation will cut down their real rewards, a flight from fixed money claims and demands that government do something to protect them.

As a by-product, inflation frustrates attempts of the individual to provide for his own future economic security. The large majority of small savers do not have the knowledge or the inclination to hedge against inflation by investing in equities or real property. They are driven into the arms of paternalistic government.

What a spectacle for the world to see! While we are trumpeting the virtues of free enterprise around the globe, we apathetically sit at home and whine that creeping inflation is inevitable; that we can't have reasonably high employment and a reasonably stable general price level at the same time, and that government policies have an inherent inflationary bias which cannot be eliminated.

You all know the standard pronouncements. If you don't, I suggest you study the hearing which the Senate Finance Committee conducted last year and earlier this year on the "Financial Condition of the United States," and also look at the reports published by the Joint Economic Committee this past summer under the title The Relationship of Prices to Economic Stability and Growth.

If you follow current discussions, you will, I am sure, be struck by two things:

(1) The prevailing pessimism (not unanimous, to be sure) about the inevitability of chronic inflation; and

(2) The passive acceptance of inflation as a way of life by so many.

I do not exaggerate when I say that inflation is our number one domestic problem. We must attack it with all the vigor we can muster.

Now, let me turn to the causes of inflation. We can't fight our enemy unless we know him.

I do not pretend to be an expert on the subject of inflation, but, since money is my business, I have been studying and observing this inflation problem for some time with care and concern.

It is not a simple subject. But, at the risk of over-simplification, let me outline the causes of inflation as I see them:

Economic Growth

Growth itself produces growing pains. An investment boom creates strong competing demands for capital and loanable funds. In every period of rapid growth, we can expect some money pressure on prices, as the money supply is expanded to "meet the needs of trade," as the saying goes. If economic growth is accompanied by rapid technological change and shifts competition of output, we can expect bottlenecks and shortages to develop which also put pressure on costs and prices.

Inflationary Government Finance

Expanding government expenditures, even though covered by taxes, may create inflationary pressures. But they are almost sure to if those expenditures are financed in normal times by deficits.

Deficit spending is now officially estimated to reach $12 billion or more in fiscal 1959 and perhaps half that amount a year later. Some argue that the $80 billion Federal budget is the minimum for the years ahead.

The deficit financing, as you well know, may involve a large increase in the money supply. Once the spiral is set going, the process may become cumulative. The sale of long-term government bonds to investors has encountered some resistance, partly because investors are not yet sure that the Government will restore fiscal order. This could become a serious situation. It may drift from serious to grave. The United States Treasury annually must refinance some $50 to $70 billion of debt, and this—plus the problem of raising new money to cover deficits—will test both the bond market and our statesmanship.

Uneconomic Taxes

For national security reasons, we know that we must carry a heavy tax burden, but high and uneconomic taxes add to inflationary pressures. Although it is hard to document statistically, there is no doubt in my mind that high marginal tax rates reduce productivity and efficiency and contribute to inflation. In the long run, I feel that a more equitable and rational tax system would help to foster economic growth and enlarge the tax base so much that we would be able to increase tax revenues with both lower tax rates and lower prices.

The Monopoly Power of Labor Unions

The pattern of annual wage demands which has grown up in strategic industries and the "spill-over" of these wage pressures to other union, non-union and government workers together force money wage rates up higher each year—higher than average gains in productivity and existing prices can bear.

The fact that labor monopolies may continuously push up unit costs and force price increases on to business and the public is widely recognized by people of all political faiths—except union leaders, their apologists, or their political creditors.

Now, union people, I know, will always say, "But real wages haven't risen more than productivity." To that, the stock answer should be, "So what?"

Obviously, as a nation, we can't get out of the economy in real values any more than we produce, no matter how many dollars we pay ourselves. The total of real wages — money wages adjusted for changes in the price level— will always closely approximate the total gains in physical productivity. Prices could be going up ten-fold, remaining stable or falling and the same relationship would hold — especially in these days when any money wage lag has almost been eliminated by escalator clauses and automatic increases set in advance by contract.

External World Pressures

We have to carry a heavy national defense load, and yet we want to go on our merry way with consumption as usual. When one reflects how the economy has had to adjust to changing conditions in recent years, he is struck by its amazing resiliency — the adjustments following World War II, Korea, post-Korea, the dramatic entrance into the space age. We cannot expect perfection, nor do we want rigidity. In the short-run, some flexibility, even in the general level of prices is necessary and desirable. It is the long-run persistency of inflation that is our danger.

All these causes have created a general inflationary environment. Inflation is always the result of a combination of causes which vary in importance from one situation or time period to another.

An Inflation Ratchet

The trouble, however, is that we appear to be on an inflationary ratchet — the general price level goes up a notch at a time and rarely comes down.

But, it is one thing to recognize the problem of inflation and another thing to face it squarely. Facing the problem raises all sorts of uncomfortable issues of public policy on which disagreement is inevitable. We have the pressures of vocal special pleaders who want the problem of inflation solved in a manner which will provide them with peculiar economic advantages, and, of course, they all identify their particular interests with the general welfare. And political expediency, rather than rational choice, often dictates the solution—or no solution.

Let the "inflationists" say if they will that because of our institutions and the political environment we must resign ourselves to living with an inflationary "creep."

I don't like creeps.

As an uncompromising anti-inflationist, I reject the notion of inevitable inflation. Remedies can be effective if they go to the roots—to the causes.

Outlines Remedial Program

Let me outline briefly what I think is necessary.

Fiscal self-discipline and monetary policy are still the foremost and strongest defense against inflation.

If the Federal Reserve had not followed a restrictive policy in 1956 and 1957, the rise in the price level would have been much more severe.

There are many who argue that monetary policy can't do the whole job. I agree.

The first and foremost reason is that the Federal Reserve does not have jurisdiction over all financial sectors of the economy.

Furthermore, we cannot expect monetary policy to serve as an effective economic policeman, if it does not have support. We cannot expect monetary policy to guard the safety of the dollar, if Congress takes advantage of its immunities and recklessly breaks all the monetary traffic laws.

We cannot expect monetary policy to arrest inflationary excesses, if Congress tears up all the tickets by granting immunities to labor monopolies and providing special treatment to those who claim to be hurt by general monetary controls.

Theoretically, perhaps, monetary policy could control the price level. But, realistically, we know it must be back-stopped by appropriate fiscal policies and the vigorous enforcement of competition in labor and product markets to be fully effective.

Some will argue that monetary policy may be unfair and discriminatory. Perhaps so, but at least it is general and indirect. Stop to imagine how unfair, arbitrary and discriminatory direct government controls over credit and interest rates would be. What a field day for politicians if they could completely replace the market in governing the flow of funds! What life and death power over business and individuals!

Tight FHA-VA Money

You will recall how the tight money situation last year with its higher interest rates dried up FHA and VA mortgage money. There were great cries of anguish that the "Fed" was killing housing. You and I know it wasn't the tight money so much as it was the government-pegging of inflexible interest rates on FHA and VA mortgages. The Congress, not the "Fed," was the real culprit.

Next, we must put the government's fiscal affairs in order. This is a large order.

Past and present deficits are probably our greatest inflationary problem. Congress insists on dispensing largess without providing plans for payment or apparently even giving much consideration to the problem.

Old government programs expand and new ones are continuously being ground out. Wage pressures spill over to government; the recent salary increases will, alone, add about $1.5 billion to the government's annual payroll.

On the tax subject, I will only say here that tax reform is long overdue and badly needed. Properly devised, it would help reduce some of the inflationary pressures.

I am not arguing for budget rigidity—only budget responsibility — fiscal self-discipline. Government deficits financed by the banking system—where the Treasury always goes in a jam—increase the supply of money. This kind of government borrowing is our modern version of printing press currency.

Then, there are the past deficits —the big debt funding problem. Treasury refinancing problems impose severe burdens on monetary policy. Sooner or later, we are going to have to work out a bold new debt management program.

Wage Inflation

And what about wage inflation —the pressure of wage costs on prices?

The real problem is that labor unions have immunities under the law which business does not have and which neither business or labor should enjoy. The biggest industrial enterprises operate under the constant restraints of the competitive market. They must please the public. Price-fixing agreements or other attempts to blunt the sharp thrust of competition are denied to businessmen by anti-trust laws—and rightfully so.

By contrast, labor unions are exempt from such legal restraints. They are free to enter into nationwide combinations to fix prices and conditions of labor that all businesses — large and small—must meet. Labor has license to use force and coercion. Business has a limited liberty.

You would think that labor leaders would be among the most concerned with the problems of inflation. You would think that the real wages of their membership would be a first consideration. Instead, it would appear that many union officials like inflation and want inflation. Perhaps that is a natural and human attitude for those whose job it is to get a wage increase every year for their members. Inflation makes the job easier.

Let the unions answer the charge that they are complacent about inflation—at the risk of the well-being of their own membership. If they can answer it. Let them explain why they are consistently on the side of every inflationary political move—at the risk of adversely affecting the economic system which has treated them so well.

Ultimately, Congress will have to do something to control not only union racketeering, which has been clearly exposed by the McClellan Committee, but also the monopoly power of union officials which is really at the root of all labor abuses.

But in fairness, I must say that union leadership is not alone in promoting inflation. You know and I know some businessmen who seem to think that inflation is a fairy godmother who provides us with something for nothing.

General Apathy

What are we going to do about the general apathy toward inflation — and the lack of political responsibility?

For one thing, we are on the short side of public information on the subject of inflation. We need a greater public understanding of how it works against the best interests of everybody.

It should be an assignment for every business organization to disseminate the facts about inflation —and I'd suggest that we keep our facts straightforward — right down to the level of the average pocketbook.

For another thing, we need a crystal-clear national declaration of determination to resist inflation. This should take the form of an amendment to the Employment Act—which is the basic charter for Federal economic policy—to make reasonable stability in the level of prices one of our primary goals. Legislation to this effect was introduced in the last session of the Congress, but it died aborning.

Naturally, a declaration of this character has little more than moral force. Specific monetary, financial and market policies will be essential to win the fight against inflation. But at the same time, much good might come out of a clear-cut statement of intention to use the powers of the Federal Government not only to check unemployment but also to resist undue inflationary pressures.

And finally, we must put men in public office who will resist inflation.

We have got to have a Congress controlled by men who agree that inflation purloins from the past and steals from the future to provide the image of rewards for the present. We have told ourselves for many years that foreign policy disagreements should stop at the water's edge. By the same token, our disagreements about monetary policy and the fiscal policies of the Federal Government should come to a halt before we are up against the razor edge of disaster.

We need a working majority in the Congress which will agree that the Government's integrity depends upon a stable currency.

I would like to have more time to talk about the political responsibility of businessmen in these matters. It is also a subject on which I have strong convictions.

But that is another story. All I can say here in closing is that we businessmen have got to get into politics with both feet. We have got to get down to the precinct level in our own communities, because that is where the selection of candidates begins. We have got to follow through from the precinct meetings to the county conventions and from there on to the state conventions, and we have got to give close attention to the primary elections.

It is not enough just to be against inflation. We must take action in the political arena to protect our system from recurring attacks of this arch enemy of democratic institutions.

Dewees W. Dilworth

Dewees W. Dilworth, partner in Carlisle & Jacquelin, New York City, passed away Nov. 3 at the age of 69 following a brief illness.

Harold S. Willis

Harold S. Willis passed away Nov. 10 at the age of 65 following a brief illness. Prior to his retirement he was an officer of Stone & Webster Securities Corporation of New York.

Continued from page 2

The Security I Like Best

petitive reasons) and surplus has risen every year except three.

For more than 20 years Farmers Insurance Exchange operated solely west of the Mississippi River and now does business in four states only east of the River. Nevertheless in premium volume it ranks seventh among the nation's automobile insurance companies and has over 1,540,000 policies in force. These policies are serviced by the main office at 4680 Wilshire Boulevard, Los Angeles, and branch offices in Portland, Ore.; Pocatelli, Idaho; Colorado Springs, Colo.; Kansas City, Mo.; Austin, Texas; Merced, Calif., and Aurora, Ill. In addition the Exchange has 704 District Agent's offices, 71 Branch Claims offices, and 6,524 Licensed Agents.

Prospects for future growth for the Exchanges are excellent:

(a) The territory east of Indiana and south of the Ohio River will be developed. In this area the number of automobiles is greater than in the territory already served and the premium rates are generally higher.

(b) The company is rapidly developing a better type of agent by putting new men on a subsidy plan for 18 months by giving them a very thorough education and training during this period. This program is already producing excellent results.

(c) The severe losses occurring in the last three years have made it necessary for Farmers Insurance Exchange, as well as its competitors, to increase premium rates with a corresponding increase in the gross revenues of FUA.

Farmers Insurance Exchange is owned by its policyholders. It has no stock. The only way by which the investor can participate in its growth is through the stock of the managing corporation, Farmers Underwriters Association.

(2) Farmers Underwriters Association has shown outstanding ability not only to build the Exchange into a large and financially sound automobile insurance company, but also to operate profitably on its management fee of 20% of the premium.

Farmers Underwriters Association started with a few thousand dollars capital and has financed out of earnings all its subsequent growth. The original 1,500 shares of common stock issued in 1928 has grown to the present 1,800,000 solely by stock splits and stock dividends. FUA now owns the buildings occupied by the Exchanges at Los Angeles, Calif., Merced, Calif., Colorado Springs, Colo., Portland, Ore., the San Fernando Valley and at Kansas City. In addition it owns the office equipment as well as 716 automobiles. There are no bonds, no preferred stocks and no bank loans as all this property has been financed out of earnings.

Farmers Underwriters also acquired in 1953-54 a two-thirds interest (over 70,000 shares) of Farmers New World Life Insurance Co. of Seattle, Washington. This investment stands on the books at $3,590,000 and has a current market value of more than $6,500,000. By the application of its sound and energetic management methods in the development of this Company, new business paid for has jumped from $12,000,000 per year prior to the acquisition to $58,500,000 last year. Farmers New World now has over $225,000,000 life insurance policies in force.

To supplement its own business the management of Farmers organized in 1935 Truck Insurance Exchange to be managed by Truck Underwriters Association and offered FUA stockholders rights to buy Truck Underwriters common stock at 12½ cents per share. Later when Fire Underwriters Association was organized, Farmers stockholders had the opportunity to purchase at 10 cents per share. These stocks have now risen substantially, Truck (after several splits) is now selling at $24 per share and Fire at $25. These companies are completely separate financially from Farmers but under common management. In this connection, the two men who founded the Company, John C. Tyler and Thomas E. Leavey, are today respectively Chairman of the Board and President. A strong and experienced management team has been developed under their supervision. The potency of this management shows in the record.

Farmers Underwriters Association has long paid $1.00 per annum dividend, supplemented from time to time by cash extras and stock splits. The present regular dividend rate is $1.40 per annum, payable 35 cents quarterly. Increased earnings in the future can be anticipated from the continuing growth of the Exchange with added dividends for the shareholder of FUA.

Earnings for 1958 are in a sharp upward trend so that we estimate per share results in the range of $2.30 to $2.40 vs. $1.93 in 1957 and $1.23 in 1953. (All figures on basis of present capitalization of 1,800,000 shares.) On the basis of present business and premium rates for the Exchange, earnings should reach $3.00 per share in the next year or two. At current prices (31-32 Over-the-Counter) the stock is undervalued both on a yield and price earnings ratio basis.

T. R. Peirsol With Nat'l Secs. & Research

LOS ANGELES, Calif.—Thomas R. Peirsol has joined National Securities & Research Corporation as a wholesale representative in Southern California and Arizona, it was announced by Henry J. Simonson, Jr., President.

Thomas R. Peirsol

For the past 14 years, Mr. Piersol has been associated with leading West Coast investment firms, most recently with Paine, Webber, Jackson & Curtis. Prior thereto he conducted his own investment business in Beverly Hills.

New Henkle Branch

ALLIANCE, Neb.—E. E. Henkle Investment Company has opened a branch office at 515 Niobrara Street under the management of Willard F. Anderson.

Joins George Eustis

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Donald E. Cowgill is now with Geo. Eustis & Co., Tri-State Building, members of the Cincinnati and Midwest Stock Exchanges.

Goodbody Adds to Staff

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Lawrence S. Weiss is now connected with Goodbody & Co., National City East Sixth Building.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates on Nov. 6 offered $3,390,000 of Great Northern Ry. 4⅛% equipment trust certificates maturing semi-annually June 1, 1959 through Dec. 1, 1973, inclusive.

The certificates are scaled to yield from 3.25% to 4.15%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 500 all steel box cars, estimated to cost not less than $4,262,500. Associates in the offering are: Freeman & Co. and McMaster Hutchinson & Co.

Hyder, Rosenthal & Co. Formed in Albuquerque

ALBUQUERQUE, N. Mex. — Hyder, Rosenthal & Co. has been formed with offices at 112 Second Street, Southwest, to deal in securities. Principals are Richard E. Hyder and Maurice M. Rosenthal.

Two With Keller & Co.

BOSTON, Mass.—Gerald S. Curhan and Frank P. Riccio have become associated with Keller & Co., 31 State Street. Mr. Riccio was formerly with Old Colony Investment Co.

Public Utility Securities

By OWEN ELY

Long Island Lighting Company

Long Island Lighting supplies electricity and gas in Nassau and Suffolk Counties and in the Rockaway District of Queens, New York City. This territory covers an area of more than 1,200 square miles and has a population estimated at 1,828,000, of which 1,200,000 are in Nassau, 558,000 in Suffolk and 70,000 in Queens. The service territory remains predominantly residential. Industry is relatively small and devoted primarily to airplane manufacture, electronics and other light manufacturing.

The population of Nassau and Suffolk Counties has shown an increase of over 80% since 1950, Suffolk gaining 92% vs. 75% for Nassau. While residential building continues at a relatively high level, the slowdown which began in late 1955 continued in 1957. However, the valuation of residential building permits issued in 1957 did not decline as much as the number of permits, emphasizing the trend to bigger homes. In the western section of Nassau, garden-type apartment house development continues at about 500 to 600 dwelling units per year. About two-thirds of the labor force in Long Island is now employed locally, while one-third commutes to New York City (in 1940 more than half commuted).

Electricity provided 78% of revenues in 1957 and gas 22%. Electric revenues were 51% residential, 21% commercial and 17% industrial. Gas sales are primarily residential. About two-thirds of gas customers use gas for house-heating, demonstrating the continued success of the sales program to obtain conversions from oil to gas. Electric revenues in a recent 12 months' period were nearly 10% over 1957, and gas revenues (due in part to cold weather) gained 18%.

Generating capability was 886,500 kw at the end of 1957, but will be increased by a 186,000 kw unit late in 1958. Peak load last year was 814,000 kw, and is expected to increase to 940,000 this year (the summer peak, including 75,000 kw for air-conditioning, was around 680,000 kw). The company sells a considerable amount of power on balance to Consolidated Edison.

The company some years ago completed a 77-acre operating and storage center at Hicksville, with underground control rooms which are the nerve center for the entire system, both electric and gas. The building is adjacent to important air fields, and the underground rooms are so strongly reinforced that war-time destruction of the entire superstructure would still leave them able to function. Now the company has purchased a 25-acre section in Brentwood to supply an additional headquarters for the fast expanding Suffolk County operations. The building, containing about 100,000 square feet and accommodating 700 employees, will be completed in the latter part of 1959. Electric heat pumps will be used for heating and cooling—the largest installation on the Island.

Long Island Lighting Company obtains natural gas from several pipelines and in addition has three water-gas plants, two catalytic plants and three LP plants, with a combined daily manufacturing capacity of 27 million cf. The company has 20-year contracts for delivery of over 66 million cf daily. It recently signed a contract with Valley Gas Transmission for the purchase of 17.5 million cf per day beginning next March, with increasing amounts up to 32.5 million cf by 1960. This gas, which is produced in Texas, will be transported by Transcontinental Gas Pipeline, replacing direct purchases from the latter company (subject to FPC approval). LILCO buys gas from Tennessee Gas Transmission, and starting in November will also purchase from Texas Eastern Transmission. The deal with Valley Gas is designed to stabilize gas purchase costs and to avoid as far as possible, the impact of spiraling field costs. The company has now completed its gas conversion program and all customers are supplied with straight natural gas, although some adjustment is necessary to reduce gas to 1,000 btu.

For the 12 months ended September 30, 1958 the company reported share earnings of $1.62 compared with $1.43 in the previous 12 months. The company normalizes tax savings from accelerated depreciation and if its accounting were on the same basis as that of Consolidated Edison and some other New York utilities which do not normalize, the share earnings would have been increased to around $1.93. Several factors aided the good recent showing—the cold weather last Spring increased gas sales, there was a large credit for interest on construction, and gas and electric rate increases were obtained. The interest charged to construction amounted to $1,418,000 compared with $655,000 in the previous period. Moreover, the $1.62 was based on average shares outstanding of 7,241,000, instead of actual shares of about 7,721,000.

The company received an increase of about $1 million in gas rates last December, and some $2 million in electric rates effective July 1, 1958. On a pro forma basis the amount of the rate increases effective during the 12 months ended September 30 would approximate 8¢ a share after adjustment for Federal income taxes, leaving about 11¢ still to flow through.

The company is now adding large new electric generating units at two-year intervals, instead of every year. Thus the accounting credit for interest on construction is irregular—larger when a unit is installed and smaller in the off-year. 1958 is considered a favorable year in this respect and next year, with a smaller credit, the gain in share earnings may be smaller. As in the past, however, much will depend on weather conditions, both with respect to gas house-heating sales and the amount of electricity used for summer refrigeration and air-conditioning.

A favorable factor for share earnings over the coming years is the increased proportion of construction cash requirements which is now being generated internally with the aid of tax savings. Instead of issuing common stock every year, as in 1951-1955, issues are now being spaced further apart. The company sold 696,000 shares in May this year (the last previous offering being in July 1955) and another offering seems unlikely until 1960 or 1961. Conversions of the 4.40% preferred stock are also increasing the equity.

The common stock has been selling recently around 29, and pays $1.20 to yield 4.1%. The price-earnings ratio is 17.9.

Continued from page 9

Utility Problems During Inflation

mise of accounting systems generally is the assumption that over the years the dollar has a reasonably stable purchasing power. That premise is being significantly violated in respect to the dollars recorded for utility plant and for depreciation expense. It needs increasing re-examination as inflation proceeds, for one does not have a sensible measurement when identical objects are stated at prices which vary as widely as is now the case in almost any utility's books. The effect of violating the premise is proportionately much more severe in utility operations than it is for almost any industrial enterprise, because our plants and facilities represent about 85%-90% of all assets, and because they are quite long-lived property as industrial processes go.

Sometimes it helps to understand a problem if one extends its terms. A good illustration in this context can be drawn from French experience, for after more than 40 years of both "creeping" and "running" inflation there seems to be a clear understanding — in France, at least—that the recorded book costs of plant and property have little significance, and that depreciation appropriations based on cost are also meaningless. Business enterprises are therefore permitted at any time to revalue fixed assets based on government price indices, using a multiplier which varies with the date of acquisition, and to credit revaluation reserves in that connection, and to base depreciation charges on the revalued property. Nor are the valuation reserves, or increases therein, taxable. Appropriate treatment is also given to inventories, and reserves are used annually to counteract inflation for these assets too. My point is simply this: when inflation continues to a substantial degree it becomes unavoidably necessary to recognize that the results of an accounting system are not properly usable for the determination of income, depreciation, property costs, or taxes if they ignore substantial changes in the currency in which the measurements are expressed.

I am aware of the psychological difficulties involved in such re-determinations. Particularly in the utility industry is "write-up" a dirty word. So is "revaluation," at least when it means "upward revaluation." The concept "reproduction cost" is often belabored by regulatory commissions, and the use of "present-day costs" or present-day worth as a tool of measurement is suspect even though it is regularly used in the conduct of current business operations. Nor, when these measurements are rejected, is there usually any suggestion by regulatory authorities of what measurements would help them to find rate bases that are realistically appropriate to a depreciated currency. The impasse reminds me of a well-known verse by Hughes Mearns—

"As I was going up the stair
I met a man who wasn't there
He wasn't there again today,
I wish, I wish he'd stay away."

However, like that fabled little man on the stairs, the problem of coping with the changes in the value of the currency when determining rate bases just won't go away simply by ignoring it.

Cannot Rely Solely on Rate of Return

Admittedly, the rate base standing alone is not the vital item in this matter of arriving at the fair and necessary earnings on the capital investment. It is the product of multiplying the rate base by the rate of return which is of practical consequence. For a long time there has been a theory that a rate base as produced by the utility's accounting system could be used regardless of price-level changes — with incidental administrative advantages and ease of regulation—and that only the rate of return needed alteration in order to produce the earnings required by current facts. The trouble with that comfortable theory is that the rate of return itself needs to be geared to some standard of reasonableness. Generally that standard is based fundamentally on the cost of money, with such additional allowances as are required for the factors which money costs do not by themselves cover.

Unfortunately this theory of varying only the rate of return runs into serious administrative difficulties as the gap between today's dollar and yesterday's dollar widens. One can demonstrate it facetiously by saying that it would make no difference in the end result if a utility's telephone number is used as its rate base, provided only that the rate of return is made large enough to produce the appropriate earnings. It is **not** a facetious example, however, to point out that something like it would be involved if we had gone or were to go as far along the inflation road as France and some other countries have already gone. In both illustrations the use of a rate base and such a rate of return would have reached the point of uselessness as standards, since neither would measure within reasonable limits what it purported to represent. In any event, if the rate of return which results from this theory gets too far away from current costs of money, then one must doubt if the theory would be understood and accepted by the public.

This method of putting on the rate of return all of the burden of adjusting for currency depreciation, instead of putting all or most of it on the calculation of the utility's rate base in today's dollar, therefore seems inadequate as a useful regulatory device if inflation continues much further.

Wanted: A Right Answer For Capital

Where I find the record weak on how to determine a rate base that is sound and fair is on the point of how much weight to give to the measurement of a utility's property in current dollars, and how much to the measurement expressed in the dollars of various size which one finds in the books of account. It seems to me that the "whys and wherefores" of how much effect each of these (or other) measurements should have in the final answer need to be developed by us in the industry as well as by the regulatory bodies. My own thinking suggests that a useful starting point is the fact that a supplier of risk capital considers — and has the right to consider — that he owns property, and not merely a dollar interest therein; and he does have the opportunity to place his money in industries where he can get the rights as well as the risks of owning property. This vital distinction remains even if he is willing to accept a limitation against the full operation of changes in price levels, up or down, because of the public nature of the business.

Under this line of thought one can reach the conclusion that the practical solution to the dilemma in question is to give the worth of the property in present-day dollars the same weighting as the utility's risk capital bears to its total capitalization. If, for instance, that ratio was 45%, then

45% weight would be given to current values of the utility's property and 55% to book costs. Such a pragmatic weighting would lie between the extreme positions of giving complete recognition or giving no recognition to present-day dollars. By gearing the weighting to the risk capital the method would go a long way toward meeting the requirements of the risk capital supplier, though at the same time it recognizes the wisdom of having a formula which endeavors to provide adequate coverage of the preferred stocks and bonds during depressed periods.

There may be better ways of solving the problem; my point is simply that as inflation continues its distorting effects the problem of how to compute a fair amount of earnings which should be allowed on the capital invested does need to be solved in a practical way that may be somewhat different from today's methods.

The second item for which right answers are necessary is the depreciation expense allowance — the return of the capital investment as property is used up. An interesting page one editorial by George Shea in the "Wall Street Journal" of last Aug. 4 dealt with the effect of inflation upon the depreciation expense problem, for industry in general. It got to the heart of the matter by saying:

> "Now, obviously it is sound business for growth to be financed out of new capital that comes from savings, whether those of the business itself or the savings of investors to whom it sells new securities. But equally obviously, it is unsound if mere maintenance and replacement have to financed with new savings. Yet that is what happens under inflation. . . ."

Certainly that in a large way is the situation in our gas and electric industries today. There is a serious gap between the dollars recovered through depreciation expenses for a given article of plant or equipment, and the cost of the equipment which replaces it, even where the new requipment is no more productive than the old. Those additional dollars now have to be gotten entirely from new savings, whereas it would appear that the user for whom those facilities were originally supplied should have furnished at least some of those dollars.

I believe that the recent accelerated depreciation provisions of the income tax law have worked fairly well for most unregulated industries as a practical device for coping with this phase of the inflation problem; but two circumstances make a similarly effective result less feasible for utilities. One is that the useful life cycle for most industrial property is apparently much shorter than for the utilities, and an acceleration of that shorter period thereby gets the effective recovery period down to a relatively short time for most of the dollars to be recovered. The other is that industrial enterprises generally can and have charged the full accelerated depreciation to current income and have been able to sell their products at prices which cover the high depreciation charges. That is something the utilities cannot readily do as a practical matter — and is something that the so-called "normalization accounting" and "flow through accounting" methods which are in widespread use in our industry specifically avoid even trying to do.

It seems to me that the efforts of the industries' Depreciation Committees to clarify the matter through their studies of what they call "economic depreciation" are much closer to the mark of what is reasonable and correct. Under that concept the annual depreciation rate is in effect; applied to a property investment stated in today's dollars and not in historical dollars. Actually that is what business and tax policy has had to come to in France under their inflation. While as a practical matter acceleration methods may be more feasible from a political, tax, and regulatory viewpoint than are the "economic depreciation" methods which necessarily depart from historical costs, they unfortunately do not seem adapted to the unique needs of the utilities.

Financial Soundness Is a Must

These observations about the regulatory treatment of rate bases during the continuing inflation which is the prospect, and the resulting provisions for return of, and return on the investment, are based on a single underlying thought. It is that financial soundness is a "must," particularly during inflation, if utilities are to do their part of the job of successfully delivering the public's ever-mounting requirements for mechanical energy. "Financial soundness" comes down to the condition under which new capital (particularly new risk capital) continues to flow freely into our industry, in adequate amounts, as needed, and at reasonable costs. This end result is the hard core of the tests by which the usefulness of regulatory, management, and tax policies need to be judged during this period of big growth and inflation.

Fortunately there is no barrier at present to "financial soundness" in so far as the industry's economics are concerned. We are in our "strong" years. Certainly the value of our products is substantially above the prices being charged: a comparison of today's prices with those of the depression and prewar years, in the light of what has happened to the prices of competing fuels, suggests it; so do estimates of how much — or how little — business we would lose if it was necessary to raise our selling prices quite substantially. We are a business in which unit costs tend to decrease as volume increases, given a stable level of wages, taxes and prices of materials. Fortunately, too, it takes only a quite moderate increase in our selling prices to produce substantial increases in the earnings available for the support of our securities; if and when more earnings are necessary. And the demand for our products remains tremendous. In short, to the extent that the problem of selling prices is the deciding factor, there is no reason why financial soundness cannot be maintained.

Workable Tax Policies

But "financial soundness" involves more than the proper determination of selling prices for our products, important as they are. Workable tax policies on the part of both our communities and also the Federal Government certainly have a part. Accounting policies have a part, for the proper determination of what costs should be met today and what costs should be met in the future is certainly more difficult —and more significant—when the changing value of the dollar is a fact to be reckoned with. Certainly, financing methods and capitalization structures are a factor too.

The experience of the railroad industry can give us much material for study in this matter of "financial soundness" for it is an industry whose major characteristics include, like ours, a long-term life, a need for large investment in relation to annual revenues, and a public control over selling prices. Their experience is older than ours. When one hears discussions today about the merits of higher debt ratios for our industries, or discussions about leverage in capitalization structures, or arguments for more or for less depreciation provisions, or accounting theories dealing with the capitalization of construction overheads, one might consider some of the fundamentals which the railroad industry can illustrate out of its longer history. It's a case of the forest being more important than the individual trees.

For example, one can compare three major Eastern roads which in the late 1920's and early 1930's differed very little in their operating characteristics, but of which only one avoided serious financial difficulties. Operating-wise it would be quite difficult to tell them apart: in their production of revenue per train mile, or in their operating ratios, or in the degree of shrinkage in their operating revenues during the depression years and the degree of their subsequent recovery therefrom, and particularly in their control of expenses during depression and recovery. The notable difference between them was that one of the three had to support a capitalization only about half as great, per dollar of revenue, as the other two; and even so, its common equity ratio was about twice as great. It did not get into difficulties.

One can compare a major Eastern and a major Western road which in the same period of years also differed little in their revenue production and operating characteristics. One of the two got into serious difficulties; the other did not, though its revenues shank just as much. Actually the successful one had a bit more capitalization to support per dollar of revenue than did the other; but the difference lay in the balance between common equity and senior securities. The successful one had a 60% equity, the other about 35%; the greater financial soundness in terms of ability to ride through a period of shock spelled the difference.

There is the lesson that a free flow of capital into an industry, particularly risk capital, can end rather suddenly. In the nine years from 1922 through 1930 the railroads were able to sell large amounts of capital stock to the investment markets. Even in 1930, the first depression year, they sold $66 million. But in all the years since then the railroads' total sales of stock have aggregated only $21 million; in more than a quarter century the total sales have been less than one-third of the sales in 1930 alone. Those total sales were not much different from one fair-sized issue by one gas and electric utility company in one year today.

There is also the lesson that despite these general developments, there are major railroads whose financial structures were strong enough to bring them to the point where today the per share earnings are substantially better than they were in 1929, even though they had to withstand the same bad shocks that affected the rest of the industry. Indeed, the growth in their per share earnings during the decade after the close of World War II was at compound rates of increase higher than the average performance of the gas and electric companies.

The time to make certain that financial soundness is a reality is during an industry's "strong years," when its economics permit it. We are in that period now; but to remain so, we do need to handle with great care the large expansion which still lies ahead of us. The essential ingredients include a correct determination of today's full costs of operation, and selling prices which cover full current costs instead of deferring some of them to the future for someone else to meet, and the maintenance of investment attractiveness. It is our row to hoe, and to do it successfully the public and its representatives must not be like my reporter friend who did not know what we were talking about. The stakes are too big for that.

Railroad Securities

Western Maryland Railway

Earnings of Western Maryland during much of the year have been adversely affected by the drop in bituminous coal shipments. Also, the low volume of traffic received from the steel and other heavy industries reduced revenues.

The volume of traffic in the first nine months dropped 20.1% compared with the 17.3% average for the railroad industry. The answer to the decline lies in the fact that in 1957 mine products accounted for 60% of freight revenues and manufactured iron and steel products 10%. Hence, it is readily apparent that a recession is bound to have an adverse impact on the road's earnings.

However, the improvement in general business conditions in the last few months should bring about a quick reversal of the poor traffic conditions of earlier in the year. Western is a highly efficient operating property. Its basic advantages are those of a bridge-line, having little branch line mileage and a small passenger business.

Too overcome the sharp drop in revenues, the road has cut expenses sharply. Revenues in the first nine months fell 20.5% from a year ago. During this time operating expenses were reduced 11.6% and absorbed some 61% of the loss in revenues. The largest part in the reduction in expenses was through roadway maintenance and transportation expenses, the latter indicating high operating efficiency. Federal taxes and equipment rental credits also were important factors. Net income for the nine months was off 43.4% and earnings per share were $5 as compared with $9.33 in the 1957 period.

With traffic showing improvement and expenses under good control, it is possible that Western Maryland could report better than $8 a common share for the full year as compared with $12.20 for 1957. If traffic continues to pick up, it is likely that earnings will run ahead of the previous year in early 1959, particularly if costs remain under control.

Despite the drop in earnings, finances have remained comfortable. As of Aug. 31, cash and equivalents totaled $6,656,000, while current liabilities were $9,545,000. Working capital declined slightly to $6,598,000 from $6,841,000 at the end of the like 1957 period. The railroad will have to continue to conserve its cash, however, because of the need of meeting equipment trust maturities and also the need of cash for its expansion program and sinking fund requirements. Consequently, it is believed a conservative dividend policy will be followed until earnings begin to make a good recovery.

The road is in good physical condition, reflecting the sums expended in previous years on the property. In addition, Western Maryland has maintained its equipment at a high level, even this year. This policy has enabled the road to hold the bad-order car ratio down to 3.7% on Sept. 1, one of the lowest in the country. This would indicate that as business increases the carrier will receive increasing revenues from the use of its cars by other railroads.

Pittsburgh Exchange in Agreement With Phila-Balt. & Boston Exchanges

Harry W. Besse, Hutchins, Mixter & Parkinson, President, The Boston Stock Exchange, C. S. McKee, C. S. McKee & Company, President, The Pittsburgh Stock Exchange, and J. Raymond Leek, Bioren & Co., President, the Philadelphia-Baltimore Stock Exchange, announce that an agreement has been reached whereby members of The Pittsburgh Stock Exchange may become Associate Members of The Boston Stock Exchange, as well as members of The Boston Stock Exchange becoming Associate members of The Pittsburgh Stock Exchange.

Messrs. Besse and McKee stated that "this agreement rounds out relationships previously established between our exchanges and the Philadelphia-Baltimore Stock Exchange, that have resulted in the mutually profitable interchange of business, 42 member firms of The Boston Stock Exchange are Associate Members of Philadelphia-Baltimore as are 23 member firms of The Pittsburgh Stock Exchange.

"Orders between the Boston and Pittsburgh Exchanges will be transmitted through the Philadelphia-Baltimore Stock Exchange. There is now direct private telephone communication between the trading floors in Boston and Pittsburgh and the trading floor in Philadelphia.

"The present system of clearances between our exchanges and The Philadelphia-Baltimore Exchange will be extended to cover business from this new source. Transactions between The Boston and Philadelphia-Baltimore Exchanges are cleared by the Stock Clearing Corporations of the two exchanges. Transactions by Pittsburgh Stock Exchange members, both on their own trading floor in Pittsburgh and also on the trading floor in Philadelphia, are cleared through a branch of The Stock Clearing Corporation of Philadelphia which has been established in Pittsburgh.

"This rounding out of relationships between the three exchanges will be of particular value in obtaining new listings. Our studies indicate there are a number of companies with business and stockholders located primarily in the area of our exchanges that will benefit from the broader markets made available to them by listing on any one of them—Pittsburgh, Philadelphia-Baltimore or Boston. Markets will be opened up thereby that cover the State of Pennsylvania, New England and the Atlantic Seaboard all the way to Florida."

In commenting on the agreement, J. Raymond Leek, President, the Philadelphia-Baltimore Stock Exchange, stated: "The recent steady growth of the Philadelphia-Baltimore Stock Exchange is due in large part to the out-of-town business we have developed in cooperation with the Boston and Pittsburgh Exchanges and as the result of mergers with the Baltimore and Washington Exchanges.

"Philadelphia - Baltimore share volume for the third quarter increased 35.3% over the third quarter of 1957. This was an acceleration of the trend of the first six months, which compared favorably with other leading exchanges, when share volume was up 11.8% over 1957. For the first nine months, share volume increased to 6,498,525 shares, as against 5,576,194 shares for 1957, up 19½%."

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Current Business Trends and The Problem of Inflation

is possible that we shall not reach full-capacity and a high level of employment until late in the year or early in 1960. It's important to keep in mind what full capacity operations would imply. GNP, which is now $440-445 billion in current dollars would have to rise to $485-490 billion by the end of next year; Industrial production, now at 137, would have to increase to 160-165.

It is my current view that we may fall somewhat short of these marks by late 1959, but that we may catch up early in 1960. I should warn you that business forecasters almost always underrate the speed of an expansion. I'm impressed by the fact that each new projection we have made in the past six months has come up with higher figures for 1959. Much depends on the vigor of the revival in business fixed investment.

Now what could go wrong? Is there anything in sight that could upset the projection of good business for the next two years or possibly longer? One candidate that is frequently cited for the role of wrecker is the auto industry. At this season of the year, reams of newspaper copy are devoted to the question as to whether the new models will sell. If you examine the past record, you'll discover that the answer has always been "Yes" in periods when business was expanding, and "No" when business was contracting.

Upsetting Factors to Consider

This is not to deny the obvious fact that styling is important. And it is possible that consumer dissatisfaction with ever-longer and wider, and ever-lower autos could slow the rise in general business activity. However, the probabilities are high that the public will buy the number of new cars that is indicated by long-term trends in the auto market. A quote normal unquote year at 1959 levels of income would call for auto sales of 5½ to 6 million. That compares with some 4½ million this year.

A second factor that has been cited as having the potential for checking the business expansion is the rise in interest rates. Note that interest rates have risen sharply in recent months. In fact, the pace of the advance has seldom, if ever, been matched. Long-term rates are close to the highs reached in the 1957 period. Short rates have gone up in even more dramatic fashion.

The abrupt about-face in interest rates reflects both the change in Federal Reserve policies and that in investor psychology. Federal Reserve policy shifted towards restraint in August. The discount rate was increased and free reserves have been pulled down from $500 million plus to the $100 million level.

Market psychology shifted towards ease more rapidly. In fact, the speculation in the market for government securities in the first half of the year which led to the period of turbulence in the money market around mid-year is a development which should offer fruitful material for psychiatrists. In any case we have emerged from this unfortunate period, and the money markets have settled down for the moment with interest rates somewhat higher than I suspect the Federal Reserve would like to see them.

Higher interest rates undoubtedly exercise some restraining influence, in that people think more carefully about borrowing when rates are rising. They may encourage investors to shift from stocks to bonds, particularly if stock market prices are high by historic standards as they are now. Rising interest rates also constrict the flow of funds into government-guaranteed FHA and VA mortgages where maximum interest rates are set by law.

In general, however, it is my personal view that tight money and rising interest rates are unlikely to be a major factor in checking an advance in business activity and bringing on a major slump. Changes in interest rates within a range of 4-6% are unlikely to have a crucial impact on investment decisions when the rate of profit before taxes is on the order of 16-20%. Moreover, there is no evidence that worthwhile projects have failed for lack of financing in periods of tight money in the recent past.

Discounts Inflation Spiral's Resumption

However, tight money and the accompanying increases in interest rates represent essential steps toward our goal of containing inflation. I'm sure the fact that we've had some inflation in the past few years doesn't rate as a hot news item. Inflation is a problem that is peculiarly difficult to keep in perspective. In approaching it, I should explain that I yield to no man in my concern over the problem of inflation—I think it is perhaps the only domestic economic factor that could subvert our ability to grow and prosper in the long period ahead. Yet I fear that we are getting in the position of the boy who called "Wolf" prematurely.

The recent behavior of the bond and stock markets can only be explained in terms of a widespread fear on the part of investors that prices are going to continue to rise sharply. By this most people mean an annual increase of something like 4-5% in prices. I do not believe that anything like this is in prospect—if we can avoid limited wars of the Korean variety. We have only had rapid inflation in the past in periods of war or war's aftermath. Thus, prices about doubled in the World War II period. In the year following the Korean invasion they went up 10%.

In contrast, the average increase in prices in recent peacetime years has worked out to less than 2% per year. That's the average increase since 1953.

Now everyone knows that wage rates have been rising rapidly. Moreover, they've gone up during the current recession. Doesn't that mean that inflation is inevitable?

Things are not that simple. If we can continue to increase productivity—output per man-hour—we can, and should, increase wage rates. Over the years we have managed to increase productivity at an average rate of almost 3% per year. Our problem recently is that wage rates have been rising 5% per year, whereas we could afford to pay, out of rising productivity, only 3%. So prices have gone up 2% per year.

I see no reason why we cannot improve upon the recent record. We can work to increase productivity. We can, by intelligent tax and credit policies, keep inflationary pressure under control. Thus, I would expect prices to advance by no more than 1½-2% per annum on the average in the future — and I would hope we might do even better.

To my mind, our basic economic problem is to achieve a constant balance in our economy as we progress. If business investment gets out of balance and moves ahead too rapidly, we'll build excess capacity — and a recession may be required to restore balance. If wage rates rise too rapidly, costs and prices will get out of balance, and a readjustment will follow:

Depicts Our Greatest Danger

Perhaps the greatest danger is that we shall blunder into a speculative boom — like the 1920's. That's why the rise in the stock market is a source of worry. If people assume that we're in for inflation, and that we have solved the problem of the business cycle, stock market prices and other prices will be bid up to levels that bear no relationship to basic values. The clear result—sooner or later—would be a collapse, a severe business slump.

We are not yet anywhere near this peril point. But we could get there if we should lose our collective heads, as we have in certain past periods.

To put this concretely, and incidentally to give you what I believe is some good advice — the stock market is high today by all historic standards. So if anyone tries to tout you into taking a flier in the market—tell him to go fly a kite. This is a time to be conservative in investing your money.

Summary

With this bit of excellent advice—which I assume that everyone will ignore — I come to the point where I feel a compulsion to sum up these discursive remarks. I have tried to register the following points:

(1) The expansion in general business activity now underway should continue, making 1959 an excellent year for business. By the end of 1959 or early 1960, we may be back to full capacity operations in the economy generally.

(2) My personal feeling is that 1960 and 1961 may also be years of great prosperity—our principal economic problem could be that of producing enough to meet all the demands on our economy while containing inflationary pressures.

(3) The historical pattern would point to another recession period starting sometime in 1961—give or take 12-18 months.

I am making the overriding assumption that we and the Russians shall somehow avoid blowing up the world. At the same time, I assume that the Russian and Chinese leaders will continue to make mischief in a manner that will tax our ability and willingness to exercise our role as a leader in the free world. It will obviously be very difficult for the U. S. people, whose major desire is to be left alone in a world of peace, to deal with the problems the Communists are likely to pose.

Yet I for one have full confidence that we shall learn how to cope with the external threat of Communist expansion and with the internal threat of inflation. I do not think that we shall handle either problem perfectly in the short-run. Thus, I expect that the years ahead will be marked with turbulence. But they should also witness great economic growth and change. In other words, they should prove interesting and challenging. I trust that we as a Nation shall display the wisdom needed to validate my view of the future.

American Funds & Trusts

SALT LAKE CITY, Utah — American Funds & Trusts, Inc. has been formed with offices at 2862 South State Street to engage in a securities business. Officers are Claude W. Sherwin, Jr., President; Ralph V. Daniels, and La Vere D. Poulsen, Vice-Presidents; Richard M. Taggart, Secretary and Treasurer.

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The State of Trade and Industry

level of entire 1958, giving the new model selling season one of the worst send-offs in history.

Reflecting the output hike, United States car completions for last week jumped to a 1958 high of 126,672 units from 97,804 and 70,973 in the preceding two weeks. Truck building increased to 24,955 from 18,178 last week. Airplanes, on "rush" orders, are flying parts to many plants throughout the United States and Canada.

This trade authority commented that the industry is showing a decided preference towards overtime in its car assembly as opposed to second-shift operations.

The dollar value of October construction put in place fell 1%, less than usual, from the record September level, but was 3% higher than that of a year ago, the United States Departments of Commerce and Labor reported. Total outlays for the first 10 months of this year were up 2% from the similar 1957 period.

Steel Operations Estimated This Week at 75.2% of Ingot Capacity—a Record High for 1958

Fourth-quarter steel output will be the year's best, "Steel" magazine reported on Monday last.

Operations will average about 74% of capacity as against 54.1% in the first two quarters and 60.1% in the third, the metalworking weekly declared.

Production will be about 26,000,000 ingot tons, evenly distributed over the three months. The year's total will be 85,000,000 ingot tons.

Last week's output reflected delays in automotive buying, poor demand for oil country goods and seasonal declines in construction items. Operations slipped half a point to 74.5% of capacity. Production was about 2,011,000 tons of steel for ingots and castings or 15,000 tons more than in the corresponding week of 1957. District rates were as follows: St. Louis at 96% of capacity, up 5.5 points; Cincinnati at 85, up 2 points; Wheeling at 84.5, up 1.5 points; Chicago at 83, down 2 points; Detroit at 80.5, down 3.5 points; Western district at 78, up 3 points; Buffalo at 75.5, down 2.5 points; Cleveland at 72.5, down 7.5 points; Eastern district at 72, no change; Pittsburgh at 69, down 0.5 point; Youngstown at 64, no change; and Birmingham at 60, down 3.5 points.

Strikes played hob with automotive production last month. Instead of assembling the 488,000 cars they had scheduled, automakers built only 259,000. They have increased November's quota from 500,000 to 531,000 and will boost December's output if sales reports are sufficiently encouraging.

If carbuilders do not raise their sights, they will turn out 510,000 autos in December and 1,300,000 in the fourth-quarter or 10% less than the 1,450,000 originally scheduled.

If the automakers decide to make up lost production in the final weeks of the year, their fourth-quarter steel requirements will be about 3,200,000 tons. Should assemblies fall 10% short of the original target, steelmakers will not lose 10% of their automotive business. The reason is that suppliers of auto parts will be building inventories.

Makers of capital equipment questioned by "Steel" expect 1959 to be substantially better than 1958, but they are not expecting a boom before 1960. Almost all agree that the recession is over.

Improvement in orders is reported for construction equipment, machine tools, industrial furnaces and welding equipment. Orders are slow for heavy electrical, mill, foundry and material handling equipment.

Nonferrous foundries look to 1959 for better business volume as they wind up a disappointing year. Second half orders show some increase over the first half. Brass, bronze, aluminum and magnesium shipments dropped this year because of sharp curtailment of capital goods and consumer products output.

"Steel's" scrap price composite registered a 33 cents per ton advance to $42.33 a gross ton last week. October's composite averaged $42.25 per ton.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *126.3% of steel capacity for the week beginning Nov. 10, 1958, equivalent to 2,029,000 tons of ingot and steel castings (based on averaged weekly production for 1947-49) as compared with an actual rate of 125.2% of capacity, and 2,011,000 tons a week ago.

Output for the week beginning Nov. 10, 1958 is equal to about 75.2% of the utilization of the Jan. 1, 1958 annual capacity of 140,742,570 net tons compared with actual production of 74.5% the week before.

For the like week a month ago the rate was *124.7% and production 2,003,000 tons. A year ago, the actual weekly production was placed at 1,990,000 tons, or *123.9%.

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

Electric Output Declined Slightly the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 8, 1958 was estimated at 12,311,000,000 kwh., according to the Edison Electric Institute. Output eased somewhat the past week.

For the week ended Nov. 8, 1958 output decreased by 19,000,000 kwh. under that of the previous week but advanced 397,000,000 kwh. above that of the comparable 1957 week and 789,000,000 kwh. above that of the week ended Nov. 10, 1956.

Car Loadings Increased Slightly in the Week Ended Nov. 1

Loadings of revenue freight in the week ended Nov. 1, 1958 were 213 cars above the preceding week.

Loadings for the week ended Nov. 1, 1958 totaled 674,477 cars, a decrease of 39,517 cars, or 5.5% below the corresponding

1957 week, and a decrease of 125,890 cars, or 15.7% below the corresponding week in 1956.

Car Output Rose to a 1958 High as Manufacturers Moved To Build Sub-Par Inventories

Passenger car production for the week ended Nov. 7, 1958, according to "Ward's Automotive Reports," climbed to a 1958 high as manufacturers sought to build up new car stocks which on Nov. 1 sank to a two-year low as a result of strikes.

Last week's car output totaled 126,672 units and compared with 97,804 (revised) in the previous week. The past week's production total of cars and trucks amounted to 151,627 units, or an increase of 34,645 units above that of the previous week's output, states "Ward's."

Last week's car output rose above that of the previous week by 28,868 units, while truck output increased by 5,777 vehicles during the week. In the corresponding week last year 97,804 cars and 19,178 trucks were assembled.

Last week the agency reported there were 24,955 trucks made in the United States. This compared with 19,178 in the previous week and 22,643 a year ago.

Lumber Shipments Climbed 4.5% Above Output in the Week Ended Nov. 1, 1958

Lumber shipments of 462 reporting mills in the week ended Nov. 1, 1958 were 4.5% above production, according to the "National Lumber Trade Barometer." In the same period new orders were 7.5% below production. Unfilled orders amounted to 35% of stocks. Production was 2.4% below; shipments 7.1% above and new orders were 3.0% above the previous week and 3.9% above the like week in 1957.

Business Failures Continued to Rise the Past Week

Commercial and industrial failures continued up to 331 in the week ended Nov. 6 from 299 in the preceding week, Dun & Bradstreet, Inc. reports. Climbing to the highest total since June 26, casualties ranged considerably above the 266 a year ago and the 219 in 1956. Also, mortality exceeded by 23% the prewar level of 269 in the similar week of 1939.

Failures involving liabilities of $5,000, or more increased to 278 from 262 last week and 222 a year ago. A rise among small casualties with liabilities under $5,000 limited their toll to 53 from 37 in the previous week and 44 last year. Forty-six of the failing businesses had liabilities in excess of $100,000, climbing sharply from 17 in the preceding week.

More concerns failed during the week in all industry and trade groups except wholesaling, where casualties fell to 21 from 30. The toll among retailers rose to 173 from 155, construction contractors 55 from 49, manufacturers 52 from 45 and commercial services to 30 from 20. Casualties fell short of last year's level in manufacturing and wholesaling, but continued above 1957 in other lines. Retailers suffered the sharpest upturn from a year ago.

Six of the nine major geographic regions reported a week-to-week rise in failures. The total in the Middle Atlantic States edged to 106 from 103, while East North Central casualties jumped to 60 from 41. Contrasting declines prevailed in the East South Central and Pacific States, with the toll in the latter area off to 63 from 79 a week ago. More concerns succumbed than last year in all regions except the Mountain and Pacific States. Most of the regional upturns from 1957 were mild, except in the East North Central States where casualties more than doubled.

Wholesale Food Price Index Improved Noticeably The Past Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., rose noticeably in the latest week for the third consecutive increase. On Nov. 4, it reached $6.33, up 1.1% over the $6.26 of the prior week and 2.4% higher than the $6.18 of the comparable date last year.

Moving up in wholesale cost last week were wheat, corn, rye, oats, barley, hams, bellies, cottonseed oil, cocoa, eggs, potatoes, steers and hogs. Lower were flour, beef, lard, raisins and prunes.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moved Moderately Higher Last Week

Although the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to 275.01 on Oct. 28, another new low for 1958, it rose during the rest of the week and reached 276.22 on Nov. 3. It compared with 275.32 a week earlier and 276.68 on the comparable date a year ago. The increase in part was due to higher prices on steers, lard, hogs, rubber and cotton.

Although most grain prices climbed somewhat at the beginning of the week, they subsided at the end of the period. The lack of domestic buying resulted in a noticeable dip in wheat prices. Export demand expanded substantially with India and Taiwan the principal buyers. Reports that Russia was negotiating with Yugoslavia, France and the United Kingdom for sales of wheat discouraged some buying.

There was a noticeable rise in corn receipts as the harvesting pace picked up and buyers were more selective. This held corn prices below those of a week earlier. Purchases of rye and oats lagged and prices were down slightly. Increased buying of meal and oil reduced soybean supplies and prices were close to those of the prior week.

Although flour buying sagged during the week, prices remained steady. Except for substantial purchases of flour by Pakistan, export sales lagged. The United States Department of Agriculture is expected to buy shortly large quantities of flour for overseas relief. Rice buying slackened somewhat at the end of the week, but prices matched those of the prior week.

Interest in cocoa fell moderately and prices declined somewhat. Coffee prices were steady despite a drop in orders. Although domestic sugar buying lagged through most of the week, prices matched those of a week earlier.

Hog receipts in Chicago were up sharply during the week, but increased buying held prices at the previous week's level. Purchases of steers moved up somewhat and prices were slightly higher. Trading in lambs was steady and prices matched those of a week earlier.

Cotton trading on the New York Cotton Exchange was sustained at the level of the prior week and prices rose slightly. Exports of United States cotton in the week ended Nov. 3 were estimated at 44,000 bales, compared with 33,000 a week earlier and 143,000 in the comparable 1957 week. Exports for the season through Tuesday amounted to about 737,000 bales compared with 1,159,000 bales in the similar period a year ago.

Trade Volume Boosted the Past Week by Election Day Sales Promotions

Extensive Election Day sales promotions and cool, clear weather in many areas encouraged consumer spending last week. Volume was increased slightly from a year ago. Shoppers were primarily interested in women's apparel, furniture and food products. There was a slight rise in sales of new passenger cars, but volume remained noticeably below a year ago, spot checks reveal.

The total dollar volume of retail trade in the period ended on Wednesday of the past week was unchanged to 4% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc. show. Regional estimates varied from the comparable 1957 levels by the following percentages: West South Central States +2 to +6%; New England and South Atlantic +1 to +5; Middle Atlantic 0 to +4; East North Central, East South Central and Pacific Coast —1 to +3; and West North Central and Mountain States —2 to +2%.

Apparel stores reported appreciable gains in sales of women's dresses, sportswear and suits. Volume in most fashion accessories matched that of the prior week and overall women's apparel moderately exceeded the level of a year ago. Although the call for men's topcoats and hats climbed substantially during the week, total men's apparel sales were down from last year. Slight year-to-year increases prevailed in children's clothing, especially boys' sports jackets and slacks.

Increased buying of furniture helped hold purchases of household goods close to the similar 1957 week. Best-sellers in furniture were living room chairs, bedroom sets and case goods. While interest in television sets and major appliances expanded fractionally from a week earlier, sales fell moderately from a year ago. The call for floor coverings, draperies and linens remained close to the comparable 1957 level. There was a slight gain in volume in kitchenwares, china and glassware.

Food buying moved up during the week, with principal gains in fresh meat, poultry and frozen foods. Sales of dairy products, fresh produce and baked goods were steady, while interest in canned goods slackened.

There was a marked rise in the buying of television sets, radios, and lamps at most wholesale centers the past week as retailers prepared for the Christmas season. Volume was close to that of a year ago. Attracted by several openings, buyers stepped up their orders for Summer outdoor furniture and interest in upholstered chairs and bedding equalled that of the prior week. Volume in floor coverings, draperies and linens moved up appreciably from that of a week earlier.

Apparel wholesalers reported a noticeable rise in the buying of women's Spring dresses during the week. Showings in the coming weeks are expected to stimulate sales of Spring coats and suits. Re-orders for Winter dresses, coats and fashion accessories were sustained at a high level. A noticeable increase occurred in the call for boys' winter clothing and sportswear as retailers sought to replenish depleted stocks. Interest in men's apparel slid moderately from the prior week.

Trading in wide industrial fabrics and man-made fibers rose again during the week. Stocks in some lines were limited. While purchases of woolens and worsteds moved up fractionally, the buying of carpet wool lagged again. Despite slight increases in sheetings, overall transactions in cotton gray goods remained close to those of the preceding week. New England dyers and finishers reported that incoming orders matched those of a week earlier.

An upsurge occurred in the wholesale buying of frozen foods last week and stocks were light. While the call for canned goods, baked goods and some dairy products slipped, interest in fresh meat and poultry climbed moderately.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 1, 1958 advanced 5% above the like period last year. In the preceding week, Oct. 25, 1958 an increase of 3% was reported. For the four weeks ended Nov. 1, 1958, a gain of 4% was registered. For the period Jan. 1, 1958 to Nov. 1 1958 no change was recorded from that of the 1957 period.

Retail trade sales volume in New York City in the past week rose from 2 to 5% above the level of the similar week a year ago, aided by Election Day sales of ready-to-wear merchandise.

According to the Federal Reserve Board's index, department store sales in New York City for the week ended Nov. 1, 1958 showed an increase of 4% from that of the like period last year. In the preceding week, Oct. 25, 1958 an increase of 3% was reported. For the four weeks ended Nov. 1, 1958, an increase of 7% was noted. For the period Jan. 1, 1958 to Nov. 1, 1958 an increase of 2% was registered above that of the corresponding period in 1957.

Joins McDonald & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio — William H. Steinbrenner, Jr., is now affiliated with McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

With Edward N. Siegler

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Richard E. Mayer is now connected with Edward N. Siegler & Co., Union Commerce Building, members of the Cleveland Stock Exchange.

Halle & Stieglitz, Henry Herrman to Merge January 1st

Halle & Stieglitz and Henry Herrman & Co., both member firms of the New York Stock Exchange plan to merge as of

Stanley J. Halle

William M. Cahn Jr.

Jan. 1, 1959, it was announced jointly today by Stanley J. Halle, senior partner of the 69 year old firm bearing his name, and William M. Cahn, Jr., senior partner of Henry Herrman & Co. The new firm will continue to be headed by Mr. Halle under the long established name of Halle & Stieglitz.

"The merger of the two firms, subject to New York Stock Exchange approval, will be beneficial to both organizations and will enable each firm to complement each other's facilities," according to the announcement. Through its long time membership in all the principal exchanges, Halle & Stieglitz conducts a general securities and commodities business, as well as participating in investment banking activities. Henry Herrman & Co., in addition to the brokerage business, is actively engaged in underwriting and distributing industrial, public utility, railroad and municipal issues.

J. Hindon Hyde, presently a partner in Henry Herrman & Co., will also join the new firm as a general partner.

Halle & Stieglitz was founded in 1889 by the late Jacques S. Halle and the late Albert Stieglitz.

Henry Herrman & Co. was formed in 1939 by Mr. Cahn and the late Mr. Herrman.

Offices of the enlarged company will be at 52 Wall Street, where Halle & Stieglitz presently maintains its headquarters. Halle & Stieglitz also operates a branch office in Newark, N. J. In addition, the firm has long-standing business connections and correspondents in London, Geneva, Paris, Zurich, Amsterdam and other European and South American financial centers.

Mr. Halle, a son of the co-founder of the firm, joined Halle & Stieglitz immediately after graduation from Yale and has been a partner since 1914.

Mr. Cahn, a 1933 graduate of Princeton University, is a native of Chicago. Prior to the formation of Henry Herrman & Co., Mr. Cahn was affiliated with A. G. Becker & Co., Inc. He has served on various national committees of the Investment Bankers Association of America.

Mr. Hyde, has been a partner of Henry Herrman & Co. since July, 1955, prior to which he was connected with The Hanover Bank.

George W. Nubel, Jr., William D. Prosnitz, Stannard B. Knothe and Robert A. Nubel, will continue as general partners in Halle & Stieglitz in the same capacity. Louis G. Strasser and Louis Strauss, will be limited partners in the enlarged organization.

With Kidder, Peabody

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert T. Morse, Jr. is now affiliated with Kidder, Peabody & Co., 75 Federal Street.

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American Industrial Management And Our Anti-Trust Laws

not override or ignore the best interests of the public in general, or of specific groups such as employees, customers, residents of plant communities, suppliers and others.

No matter what kind of business a manager heads, no matter the size of that business, the good manager is always concerned about the effects of his decisions on the public and no decision is knowingly made that will not ultimately be in the interest of the general public as well as the business for which he is making the decision.

The field of employee relations, in particular, has been an area where management has accepted, *voluntarily,* more and more responsibilities beyond the matters of wages, fringe benefits and working conditions. All of these responsibilities are wrapped up in the idea that *you can't really separate the primary interests of a company from the primary interests of its employees.*

The recognition by management that its responsibilities go beyond making and selling products is visible all around us today in such things as the great amount of time and energy devoted by managers as individuals to all kinds of civic, educational and cultural activities, locally and nationally; and in the tremendous sums of money contributed by business and industry to educational, health and welfare causes.

Opportunities Based on Merit

There is one service which industrial management has performed for this country which I'd like to mention at this point. From the beginning of industrial management, we have had countless thousands of men who started in a business in a lowly apprentice job and moved up to important executive responsibilities. More than any other group, in my opinion, industrial management established in this country the principle that a man should be picked and rewarded for what he can contribute to society as a man, *no matter who he is or whence he came.* The opportunity for a man to start at the bottom and work his way up—*if* he has what it takes in initiative and ability—is now an American tradition. It has spread past business and industry to all parts of American life, and it has been *good* for the country.

When I think of all the services management has performed for this country, particularly during the last 20 or so years, the most amazing thing is that these could be done despite the fact that the job of management has become so much more complex in our rapidly-changing economy. Management is constantly faced by new problems, new stresses and strains, in its efforts to keep pace with a growing country.

For example, one problem which really concerns everyone because of the importance of competition to our economy is the question of Federal Government *controls* of competition.

Competition has not only been a tremendous *economic stimulus* in the United States; it has also been of *immense value to consumers* in terms of new products and new services.

Our Competitive System

One of the major reasons why this country jumped so far ahead of Europe during the first half of this century has been the nature of our competitive system. In Europe they had the idea that intense competition wasn't really practical, so they decided to adopt monopolies and cartels. This led to economic chaos. Once in being, the monopolies and cartels had things pretty much their own way. They proceeded to sit and agree among themselves until the economies of their countries were near strangulation.

I heard our Ambassador to Great Britain say a few years ago that one of the greatest misfortunes that had come to Great Britain was the fact that they had no laws there to prohibit monopolies, trusts or cartels. He had seen the condition in which a great many industries in that country had gotten themselves because of the *absence of real competition.*

In America it was different. Seeing that uncontrolled competition was leading to a situation where the consumer wasn't properly protected against the unfair actions of giant trusts, Americans rightfully decided that certain governmental controls were necessary. Thus came into being — for protection of consumers — the Sherman and Clayton anti-trust laws, in 1908 and 1914, respectively. These laws were needed and they've been good for our country.

The proper protection of consumers in the United States demands that we have anti-trust laws which make *good economic sense* and can be *easily understood and interpreted.* Right now I'm concerned about the recent trend of thinking of those persons responsible for enforcing the Sherman and Clayton laws. In recent years they've been developing some disturbing philosophies as to what those laws really *mean.*

Penalizing the Successful Firm

They have even gone so far recently to say that a given company, because of its ability to manufacture and market good products efficiently, *may* become a monopoly and, therefore, should be restrained in some way. This means, in effect, that the *successful company* is subject to being *penalized* because of its success.

Personally, I believe that most of the businesses today are making every effort to live up to the letter and spirit of the law. But when the government agency begins to reason that your *potential* power, *because of efficiency in serving consumers,* is so great that you *may* create a monopoly, I think they are losing sight of the reasons why these laws were passed in the first place—*to protect consumers.*

My only reason for bringing this matter up is because I believe so firmly in competition as a great strength of our country. I hate to see business in general harassed and put to great effort and expense on matters that should be reasonably clear to any *fair-minded man,* be he a government official or a judge.

The economy of America has changed so radically since the Sherman and Clayton Acts were passed that I believe this country now needs *a new approach* to the question of the Federal Government's controls of competition, one more in keeping with the nature of today's economy.

Suggests Three Antitrust Principles

I think this new approach should be based on *three* simple principles. First, *competition is good and necessary.* Second, *certain legal controls of competition are good and necessary.* Third, these legal controls, however, should be designed *to preserve competition* and *protect consumers,* not to protect the *inefficient* producer.

The uncertainty which now exists about what is right and what is wrong is a very difficult question for management to handle. I simply speak for *clarification,* a definite policy by government regarding unfair competition, so that industrial management may have some idea of what it can and cannot do.

In this situation, as in so many other instances of governmental controls affecting business and industry, management faces a perplexing problem which puts a damper on its freedom and initiative. And I believe *everybody* has a stake in solving the problem if our great growth as a nation is to continue.

Now to summarize:

Summary

The kind of freedom we have in this country has made it possible for us to have a growth and development—materially, socially and culturally—such as the world has never seen. Through the exercise of our initiative and the use of our abilities, individually and in groups, we have made our country a world leader, a beacon of light for the whole world to look at.

Industrial management has led the way to steadily rising productivity which, in turn, has made possible a better and better standard of living for our people. When you compare how well off the average American is against the average person in Europe, it's easy to see the great difference in favor of the American, whether it's on the basis of income, personal comforts, leisure time, health, or—what is quite important—*opportunity to better himself,* to lift himself by his own ability and initiative.

Looking toward the future, I'm optimistic, despite our domestic and international problems. We've had problems just as bad in the past and solved them.

I don't want to try to predict where we'll be, for example, 20 years from today. I've heard and read what many thinking, knowledgeable people have had to say about the advances likely to come in the next 10 to 20 years in transportation, communication, agriculture, health, and other things so important to the individual. What they predict is amazing. If it comes—and I think it will—the future is brighter than it has ever been in our history.

You can't disagree with these predictions very much when you think back 20 or 25 years. We would have thought a man was crazy then if he had accurately predicted where we'd be today. As a matter of fact, I don't know of anyone who even dreamed then of conditions that exist in 1958.

Industrial management, if it is going to continue to perform valuable services for the nation, has a definite responsibility right now to *get ready* for the great growth that is sure to come. I know that we in our business figure that our greatest problem over the next several years will be to develop management talent—*to have men ready to manage a growing business.* We know if we don't have those men ready to meet the challenge of a growing population which must be served, we'll be in real trouble. I think we'll be ready, and I think industry in general is going to be ready with manpower to handle the growth of the future.

To be sure, the coming years will bring with them some surprises and many new problems. But if we as a nation have the ability to handle our affairs as well as in the past, if we maintain our freedom, there's *nothing* to fear about the future and *a great deal to look forward to.*

Success, Irony and Problems in Meeting the $12 Billion Federal Deficit

National City Bank credits Federal Reserve's willingness not to hold down interest rates for Treasury's success in marketing large volume of short terms and in keeping them generally away from commercial banks' portfolios. This is cited as a classic illustration of how tight money policy, producing higher money rates, can hold down bank deposits and earning assets despite deficit financing. The Bank finds that this, however, does not resolve the Treasury's "$12 Billion Problem" wherein the increased deficit weakens U. S. bond sales and, ironically, more bonds could be sold if deficit financing demands were more modest. Recommends, one, restraint on spending and, two, Treasury should try 4% rate for government bonds.

The November *Monthly Bank Letter* of the First National City Bank of New York analyzes our $12 billion Federal deficit problem and technical success of the Treasury to date in deficit financing.

The *Bank Letter* points out that "during October the Treasury covered its immediate cash requirements by the sale of $2.7 billion 3¼% special Treasury bills due May 15, 1959 and $1.2 billion 13-month notes due Nov. 15, 1959. With $3.6 billion borrowed in August on tax anticipation certificates due next March, and $800 million obtained in recent weeks by adding $100 million to each of eight issues of 91-day Treasury bills, the Treasury has raised $8.3 billion through cash sales of marketable securities since July 1, the beginning of the 1959 fiscal year.

"Thus it might seem that the Treasury is well along toward covering its $12 billion deficit. But this would be a superficial conclusion. For one thing, $2.8 billion of this borrowed money has been used to pay maturing securities in cash.

"More important is the fact that all the regular marketable securities sold since July 1 will fall due and have to be refinanced before the close of the calendar year 1959. Thus 'permanent' financing of the deficit has been postponed. Since short-term obligations also were used to refund more than $13 billion obligations which came due in August and September, the volume of marketable Treasury securities requiring refinancing during the 1959 calendar year (excluding regular 91-day Treasury bills) has been increased from $16.9 billion as it stood on June 30 to $37.9 billion as of Oct. 31. Furthermore, it seems almost certain at this date that the volume of securities requiring refinancing during 1959 will be increased still more as the Treasury seeks to raise additional billions to meet its commitments. Plans are now forming to raise $3 billion in November and the prospect is for cash offerings or refundings every month or two from then on to the end of 1959 or beyond.

Where the Securities Have Gone

"It is generally held that short-term financing is inflationary because short-dated securities are most apt to be purchased by commercial banks with effects of increasing deposits and thus the 'money supply.' Despite the multi-billion increase in short-term Treasury indebtedness since July, however, neither bank deposits nor bank holdings of government securities have increased significantly. For the weekly reporting member banks total security holdings (of which U. S. issues are most important) were only $10 million higher on Oct. 22 than on July 30. Deposits (leaving aside U. S. and interbank categories) were actually down $112 million.

"Contrary to many impressions, the main market for short-term securities today is outside the banks, among corporations and other holders of liquid funds. As of July 31, for example, there were $67.8 billion marketable government securities due within one year, of which $22.9 billion were held by Federal Reserve Banks and U. S. Government trust funds. Of the remaining $44.9 billion of public holdings less than one-third were held by commercial banks. The following table shows how the proportion of bank holdings of government securities bulks up in the 1-5 and 5-10 year maturity ranges. The smallest bank participation is, of course, at the long end.

Distribution of Privately Held Marketable Public Debt By Maturity, as of July 31, 1958

(Dollar figures in millions)

	Total Privately Held*	Held by Commerc'l Banks	% Held by Commerc'l Banks
Treasury bills (due within 91 days)	$20,653	$3,886	18.8%
Certificates (due within 1 year)	12,374	3,307	26.7
Notes and bonds due within 1 year	11,863	6,132	51.7
Notes and bonds due in 1-5 years	38,541	24,673	64.0
Bonds due in 5-10 years	21,575	14,223	65.9
Bonds due in 10-20 years	23,508	4,646	19.8
Bonds due in over 20 years	6,650	524	7.9
Total	$135,164	$57,391	42.5%

*Excludes holdings of Federal Reserve Banks and U. S. Government investment accounts.

SOURCE: U. S. Treasury Survey of Ownership.

"The fact is that, when Federal Reserve policies are addressed to restraining inflation, short-term securities such as those offered in August and October tend to gravitate into the hands of corporations and other nonbank short-term investors.

"The redistribution of new Treasury security issues to nonbank buyers would not have occurred if the Federal Reserve had been concerned to hold down money rates. The nonbank market would not have opened up and banks (including the Federal Reserve itself) would have held the additional securities.

A Classic Illustration

"Thus we have a classic illustration of how a restrictive credit policy, producing higher money rates, can hold down bank deposits and earning assets in the face of Treasury deficit financing. What happened was that the banks initially took on the bulk of the new securities as underwriters. Pressures on their reserves forced them to sell off the securities as quickly as buyers could be found.

"With the Federal Reserve discount rates at 2% and yields on short-term Treasuries in the range of 2½ to 3½% in [illegible] October, a temptation was [illegible]red for banks to borrow fr[illegible] Federal

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Bond Market Outlook and Our Economic Prospects

Reserve and defer selling the newly-issued Treasury obligations. This temptation was reduced Oct. 24 when the Reserve Banks began a sequence of discount rate increases to 2½%. If banks should show a tendency to take on too many government securities, to be carried against borrowings, the rate can be further advanced without notice. But with successive additional offerings in prospect, banks in any case need to break money loose to participate in future underwritings.

"It has required sharply increased money rates to adequately broaden the nonbank market for U. S. securities. Yields on 91-day Treasury bills, for example, rose from an average below 1% in July to above 2¾% in October. Presumably, these yields would rise much further if the Treasury were to attempt to do the whole deficit-financing job at short-term outside the banks.

"The technical success of Treasury deficit financing so far should not blind us to the fact that, even though redistribution outside the banks is accomplished, short-term finance involves an inflationary process. Short-dated securities are bought and paid for out of cash reserves which then enter active circulation when the Treasury spends the proceeds. The holder meanwhile still has a liquid asset, an undeniable claim upon the Treasury for future money. An excessive floating debt creates practical problems not only for the Treasury in meeting debt maturities, but also for the Federal Reserve in exercising restraint on spending.

Bond Financing

"The pitfalls of floating debt finance are well recognized. The best place for permanent debt is at long term with investors who want stable and assured income on their funds. Favorable opportunities to place long-term securities have been passed by time and again in the postwar period, either because the Treasury was unwilling to meet the market and pay the required rate or because it was desired to give priority to home builders and other long-term borrowers. But the U. S. must hold a place as a periodic borrower in the bond market if the debt is to be soundly constructed.

"The recent background for bond financing has not been auspicious. U. S. bond prices were driven up out of touch with broad investment interest in June. For the following three months U. S. bonds declined almost continuously, reflecting speculative unloading, and swollen Federal deficit and withdrawal of the Federal Reserve's easy money policy, as well as unexpectedly heavy claims upon the capital market from home builders, industry, and State and local governments. The $12 billion deficit, contributing strongly to inflationary psychology, meanwhile led many investors to shift investment preferences away from bonds toward stocks. Mutual fund sales, for example, never were so large as this past summer and thus at the precise time when the Federal Government needed and wanted many more buyers for its bonds.

"Encouragingly, people at the same time have continued to add to their savings accounts and life insurance protections at a rate beyond $15 billion a year, but this money has scarcely been enough to fill the wants of builders for mortgage money and absorb bond issues put out by corporations, states and municipalities, foreign borrowers, and Federal agencies. There has not been much room within the loan and investment programs of savings institutions for more U. S. securities.

"Treasury officials in recent weeks have stressed the need to place more of the debt at long term. In successive public speeches they have been urging particularly life insurance companies, mutual savings banks, and other institutional investors to purchase more Treasury bonds and thus assist in combating inflationary pressures.

"These savings institutions, of course, have their own problems. They must realize the best rates they can with safety so that they can in turn offer a better deal to their customers and, in a public interest, sustain the savings flow. Until the last few weeks, yields available in the market on U. S. bonds were hardly sufficient to support the rates of interest paid by savings banks. During October, as yields on U. S. bonds approached a 4% level, investment interest appeared with the effect of steadying out the market. Fortuitously, business credit demands lightened. This gives encouragement to the idea that there would be a considerable buying interest in government bonds at a 4% interest rate level. Four per cent is the rate the Treasury offered on 12-year bonds sold in October, 1957, without seriously injurious effects upon the supply of funds available for mortgage investment. Whether enough could be raised to make the effort worth while is difficult to answer. But it will be impossible to find out without trying.

The Real Trouble

"The Treasury Department seized opportunities to put out longer-dated bonds during the fiscal year ended June 30, 1958, placing in the market, at rates ranging from 3¼ to 4%, $4.2 billion bonds due beyond 10 years. This was more than the deficit experienced in fiscal '58 and the first step forward in debt reconstruction since 1955. Now the deficit is quadrupled, $12 billion as compared to $3 billion, while the visible demand for U. S. bonds is conspicuously weakend. The trouble is with the size of Federal spending and the deficit, which has sent the national debt into new high ground beyond the peaks of World War II and is frightening many potential buyers into inflation hedges. Ironically, more bonds could be sold if deficit-financing requirements were more modest.

"The real attack must be upon government expenditures. The upturn in business will help in bolstering revenues, but it must be joined with a determination to hold outlays in check and rebalance the budget at the earliest possible date."

why such a major conversion of debt maturities is much more difficult in the United States than in Canada.

Lists Six Difficulties

(1) The absolute size of the debts is the first factor; a conversion offer involving $5 to $10 billion bonds would be such a small bite in terms of the United States debt that investors would be tempted to wait for subsequent offers so long as there is any reason to expect continued firm money.

(2) Canada succeeded in its conversion despite the existence of a current operating deficit relatively as large as that of the United States; this was possible because the Bank of Canada cooperated fully in creating stable market conditions. In contrast, the Federal Reserve Board confines its market operations to Treasury bills and thus cannot effectively meet troublesome conditions in other sectors of the market.

(3) Commercial bank ownership of marketable Federal debt (outside the Central Bank and Government funds) is substantially larger in the United States than in Canada (about 50% against 35% in Canada). Furthermore, the unit system of banking practiced in the United States requires each bank to maintain its own liquidity reserves, which means that in the aggregate the commercial banking system must have greater liquidity than is required by the large branch banking systems of Canada. For this reason commercial bank participation in debt extension is potentially very limited in the United States.

(4) During the Canadian conversion (according to my observation), practically all private, Provincial and municipal borrowers stayed out of the market, so that there was no market congestion or disturbance to hamper the conversion. This would be impossible in the United States.

(5) The United States capital gains tax would complicate exchanges by investors, at least as to timing. . . . Canada has no capital gains tax.

(6) In terms of broad policy, the Canadian Government needed to win the support of a relatively small number of institutions and banks in order to assure solid support of its plans . . . in the United States literally thousands of investment decisions are required, even in the institutional field. In a very real sense, the U. S. Treasury must compete with private borrowers for acceptance of its bonds, and in order to effect any major conversion it would have to pitch its rates considerably closer to private borrowing rates than in the present market.

All of the foregoing does not detract from the desirability of a U. S. conversion to reduce floating debt and other nearby maturities; but they do imply that such an operation must be relatively limited during a period in which the Treasury is trying to finance permanently a major deficit while expectations of inflation rule the security markets.

Bond Market Outlook

Now comes the most difficult part of my assignment . . . forecasting what I think will happen to the bond market during the next 12 months.

When I look into my crystal ball, I see continued pressure on the bond market, resulting from the fact that the Treasury must fund a large part of the budget deficit into the debt structure and, if they elect to include longer-term bonds in their funding operations, they will be competing for investment funds, which, in my opinion, will force interest rates to slightly higher levels than we have seen since the war.

On the other hand, at some point investor psychology will swing away from the present rather unreasoning fear of inflation, and then fixed income at tomorrow's rates will look attractive. Whether this renewed popularity of fixed income will develop within the next year depends upon the Administration's success in its avowed intention to reduce our Federal deficit in making the budget for 1959-60. That battle will begin in January.

Now Christensen Co.

GLENDALE, Calif.—The investment business of Ansgar M. Christensen, Jr., 1417 A Kenneth Road, is now being conducted under the firm name of Christensen & Company Investment Securities.

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Outlook for Gas Refrigerators

in this refrigerator which is used in the electric unit.

Search for Competitive Unit

Phase three is the "Big Prize." We are searching for a truly competitive gas refrigerator and we are currently devoting substantial sums of money to this research project. More important to all of us is the fact that we believe we are approaching our goal. However, in my own manufacturing experience, I have suffered so many disappointments between the time when an idea looked bright in the research laboratory and the time when we finally got it in shape for the market, that I have learned to be cautious about prognostications of this sort. But, let me give you a pictorial progress report. You will see the present gas system in an 11 foot box compared with the gas system which we have just built in our research laboratories. The latter unit went on test in our calorimeter rooms October 1st in a 13 foot box and I call your attention to this 2 foot gain in storage space. Its performance so far encourages us to think that it will duplicate the box conditions of an electric compression refrigerator. Even the untutored eye can see that it is a simpler mechanism.

You will be interested in several facts. This new system weighs 90 pounds less than its predecessor. New techniques which we have developed promise to simplify the welding problem greatly. In other words, this new system weighs only one-half as much as the old one, has fewer than one-third as many welds, and will refrigerate 18% more space. Its configuration is such that it does not have to be set dead level to operate. There is more give and take in its adaptability in the home. Our engineers feel 90% sure that this can be developed and produced in a mass manufacturing way. If so, obviously great economies will result and while we have preliminary estimates of these savings, they are still so uncertain that I will not use them for fear of being misleading.

I have told you about the work our company is doing to develop a successful gas refrigeration system and a smart, salable box. Other good companies are also putting their efforts into this endeavor, and we should all be confident that out of a total effort, a successful gas box will emerge.

The point I wish to make with you is this: While the manufacturers are making their investment in an attempt to create this product which the market can use, you must make your investment to keep the market open—to keep the market alert and eager for the emergence of this and other improved products which are on the horizon.

The refrigerator has been called the keystone product of the kitchen. It earned this position, probably, because it has priority in terms of its necessity in a home. Most knowledgeable merchandisers feel that when they sell a refrigerator utilizing gas the rest of the appliances will almost automatically use gas as their energy source. To be conservative, I think we can say that if a customer buys a gas refrigerator, the chances of her selecting other gas appliances are enormously improved. This would be especially true with a glamorous, modern new line of gas appliances. Therefore, the refrigerator is what I call a leverage item. Its value or its real profitability must be measured not only by its own individual contribution to load, but also by the leverage it supplies for the sale of the other gas appliances. This leverage is especially effective in selling to the new home and kitchen remodeling markets.

People who contract for new homes, builders who build new homes for sale, and existing home-owners who contract for kitchen remodeling like to specify and install either an all-electric kitchen or an all-gas kitchen. There are obvious reasons why anyone would want to install all appliances in either one fuel or the other—and there is a very distinguishable trend in this direction. For these and other reasons, I predict that the gas refrigerator will emerge as the key to a more profitable gas appliance business.

Conclusion

In conclusion, I should like to reiterate the thesis which has been both my favorite theme and a most important consideration for the past several years: Gas appliances desperately require the application of enormous quantities of engineering talent and money, and it is to the selfish interest of the gas utility business to encourage every appliance manufacturer to devote strenuous efforts in these directions. The best way I know about for you to encourage them is to support, right across the board, those who make the efforts. I am fully congizant of the fact that, at one time or another, you can purchase a given items cheaper from a source other than your regular one, but I urge you to make the bulk of your purchases from those manufacturers who are truly investing in a real and productive program to bring about the future and continuing improvement of gas appliances and thereby build a *greater gas industry.*

Form Dow Securities

(Special to The Financial Chronicle)

TAMPA, Fla.—Dow Securities, Inc., has been formed with offices at 615 North Dale Mabry to engage in a securities business. Officers are L. B. Evans, President, and G. M. Evans, Secretary-Treasurer.

Fla. Brokers & Dealers

(Special to The Financial Chronicle)

STUART, Fla.—Florida Brokers and Dealers, Inc. has been formed with offices at 402 East Fourth Street to engage in a securities business. Officers are B. Elliott, President; David Putnam, Vice-President; and R. J. Randolph, Secretary and Treasurer.

Van Alstyne Opens Branch

Van Alstyne, Noel & Co., members of the New York Stock Exchange, announce the opening of a branch office at the Hotel Governor Clinton, 317 Seventh Avenue, New York City, under the management of Benjamin M. Lewis.

Phila. Inv. Women to Hear

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia will hold the second Dinner Meeting of the 1958-59 season on Nov. 17, 1958 at "The Barclay," at 6:15 p.m.

John Williams Streeter, Director at the Franklin Institute, Secretary of the History and Philosophy of Science Section of the American Association for the Advancement of Science, will be guest speaker.

Mr. Streeter's topic will be "Current Plans for Exploring the Moon," including a discussion of the role of women in space flight. With the current trend toward the exploring of outer space, etc., Mr. Streeter's topic seems quite appropriate at the time.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Acme United Life Insurance Co., Atlanta, Ga.
June 30 filed 315,000 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of three new shares for each two shares held of record June 30, 1958; rights expire on Nov. 17. **Price**—$6.25 per share to shareholders, and $7.50 for any unsubscribed shares. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

★ Ambassador Oil Corp., Fort Worth, Texas
Nov. 12 filed 705,000 shares of common stock (par $1), of which 5,000 shares are to be offered for sale to company employees. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

★ American Art Metals Co. (12/8-9)
Nov. 10 filed $1,250,000 of 6% convertible debentures due 1968. **Price**—To be supplied by amendment. **Proceeds**—$156,500 to retire outstanding notes; $145,500 to retire the presently outstanding 6% cumulative preferred stock; for construction of plant, and acquisition of equipment and relocation of facilities; and for working capital. **Business**—A manufacturer of aluminum entrances and store fronts from aluminum extrusions. **Office**—433 Highland Ave., N. E., Atlanta, Ga. **Underwriters**—The Johnson, Lane, Space Corp., Atlanta and Savannah, Ga.; W. E. Hutton & Co., New York; and J. H. Hilsman & Co., Inc., Atlanta, Ga.

American Enterprise Fund, Inc., New York
Oct. 30 filed 487,897 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Distributor**—Edward A. Viner & Co., Inc., New York.

• American International Bowling Corp. (11/21)
Oct. 28 filed 770,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To acquire and manage bowling alleys. **Underwriter**—Netherlands Securities Co., Inc., New York.

★ American Mutual Fund Inc.
Nov. 6 filed (by amendment) an additional 2,500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

American Mutual Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. Price—$10.20 per share. Proceeds—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. Office — 900 Woodward Bldg., Washington, D. C. Underwriter — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

★ American Snuff Co., Memphis, Tenn.
Nov. 7 filed an undetermined number of shares of common stock, to be issued pursuant to company's Employee Thrift Plan. The amount of shares will be determined by employee and employer contributions under the plan.

Arvida Corp., Miami, Fla. (11/24-26)
Oct. 28 filed 2,500,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment (expected to be approximately $11 per share). **Proceeds**—Together with other funds, will be used for development of the company's properties and for working capital. **Underwriters**—Carl M. Loeb, Rhoades & Co. and Dominick & Dominick, both of New York.

Automation Instruments, Inc.
Oct. 7 (letter of notification) $250,000 of 6% 15-year convertible sinking fund debentures to be offered for subscription by stockholders of record Oct. 1, 1958. Unsubscribed shares to public. **Price**—90% of face amount (in denominations of $100, $500 and $1,000 each). **Proceeds**—To retire notes payable to bank and others and for working capital. **Office**—401 E. Green Street, Pasadena, Calif. **Underwriter**—None.

Autosurance Co. of America
Oct. 16 filed 250,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To increase capital and surplus. **Office**—Atlanta, Ga. **Underwriter**—None.

Bankers Management Corp.
Feb. 10 filed 400,000 shares of common stock (par 25 cents.) **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—Houston, Texas. **Underwriter**—McDonald, Kaiser & Co., Inc. (formerly McDonald, Holman & Co., Inc.), New York.

Bellechasse Mining Corp. Ltd.
Oct. 29 filed 800,000 shares of common stock. **Price**—Related to the market price on the Canadian Stock Exchange, at the time the offering is made. **Proceeds**—To be applied over the balance of 1958 and the next three years as follows: for annual assessment work on the company's properties (other than mining claims in the Mt. Wright area in Quebec); for general prospecting costs; and for general administration expenses. **Office**—Montreal, Canada. **Underwriters**—Nicholas Modinos & Co. (Washington, D. C.) in the United States and by Forget & Forget in Canada.

★ Belock Instrument Corp., College Point, N. Y.
Nov. 12 filed $1,000,000 of convertible subordinate debentures due 1973. **Price**—To be supplied by amendment. **Proceeds** — For inventory and operating equipment for manufacture of new products recently developed, and the balance for working capital. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

★ Bowl American Corp., Arlington, Va.
Nov. 10 filed 300,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For acquisition of land, building improvements and working capital. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

• Bowling Corp. of America (11/17)
Sept. 11 filed 450,000 units, each consisting of one share of common stock (par 10 cents) and two common stock purchase warrants, one warrant to expire 18 months from the date thereof, exercisable at $3.25 per share, and one warrant to expire 30 months from the date thereof, exercisable at $3.50 per share. **Price**—$3 per unit. **Proceeds**—For working capital. **Underwriter**—Charles Plohn & Co., New York.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box-506, Bridgehampton, L. I., N. Y. **Underwriter**—None.

Cedco Electronics, Inc., Erie, Pa.
Oct. 16 (letter of notification) 99,900 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Herbert Perry & Co., 70 Wall St., New York, N. Y.

★ Celebrity Enterprises, Inc.
Nov. 4 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For inventory purchases, etc. and for general importing business. **Office**—Cheney Building, 139 North Virginia St., Reno, Nev. **Underwriter**—None.

• Central Electric & Gas Co. (11/20)
Oct. 28 filed $2,000,000 of convertible subordinated debentures due 1973 and 20,000 shares of cumulative preferred stock ($50 stated value per share). **Price**—For preferred stock, $50 per share; and for debentures, to be supplied by amendment. **Proceeds**—To repay bank loans, for investments and for construction program. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

★ Central Illinois Electric & Gas Co.
Nov. 4 filed 42,500 shares of common stock, to be offered to eligible employees of the company pursuant to the company's Stock Purchase Plan.

Charles Town Racing Association, Inc.
Sept. 9 filed 4,000,000 shares of common stock (par 10 cents), represented by voting trust certificates, of which 3,530,000 shares are to be offered to the public and the remaining 470,000 shares have been issued to nine persons, who may sell such shares at the market. **Price**—60 cents per share. **Proceeds** — For construction of racing plant and acquisition of equipment. **Office**—Charlestown, W. Va. **Underwriter**—None. Statement effective Oct. 23.

★ Checker Motors Corp., Kalamazoo, Mich. (11/27)
Nov. 7 filed 133,112 shares of common stock (par $1.25) to be offered for subscription by holders of outstanding common stock of record Nov. 26, 1958 at the rate of one new share for each seven shares then held. **Price**—To be supplied by amendment. **Proceeds**—For exercise by company of its option to purchase 19 presses and accessories leased from Check Taxi Co. Inc. and for working capital. **Business**—Manufactures and sells Checker taxicabs. **Underwriter**—None.

Chemirad Corp., East Brunswick, N. J.
Sept. 25 filed 165,830 shares of common stock (par 10 cents) being offered for subscription by holders of common stock of Cary Chemicals Inc. of record Oct. 31, 1958 at the rate of one share for every four shares of Cary Chemicals common stock held; (with an oversubscription privilege); rights to expire on Nov. 25, 1958. **Price**—$2 per share. **Proceeds**—For expansion program. **Underwriters** — Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Cinemark II Productions, Inc.
June 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office** — 937 Acequia Madre Rd. Santa Fe, N. M. **Underwriter**—Watson & Co., Santa Fe N. M.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

• Coleman Engineering Co., Inc. (11/17-21)
Oct. 27 filed $1,000,000 of 6% sinking fund debentures due 1973 (with stock purchase warrants attached). A warrant to purchase 30 common shares will be attached to each $500 principal amount of debentures, or a total of 60,000 shares. **Price** — 100% and accrued interest. **Proceeds**—To retire short-term borrowings; for anticipated increases in inventory; and for additions to working capital for general corporate purposes. **Underwriters**—Wilson, Johnson & Higgins, San Francisco, Calif. and Lester, Ryons & Co., Los Angeles, Calif.

Colonial Aircraft Corp., Sanford, Me. (11/17-21)
Oct. 8 filed 346,492 shares of common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To reduce loans, make certain capital improvements and for working capital. **Underwriter**—Mallory Securities, Inc., New York.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due **Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.**

• Consolidated Foods Corp., Chicago, Ill. (11/17-20)
Oct. 23 filed 111,489 shares of common stock (par $1.33⅓). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Kuhn, Loeb & Co., New York, and A. C. Allyn & Co., Inc., Chicago, Ill.

Consumers Cooperative Association, Kansas City, Mo.
Oct. 29 filed $6,000,000 of 5½% 25-year subordinated certificates of indebtedness, and 60,000 shares of 5½% preferred stock (cumulative to extent earned before patronage refunds). **Price**—For certificates at $100 per unit; and the preferred stock at $25 per share. **Proceeds**—For retirement of maturing certificates of indebtedness, redemptions on request of certificates of indebtedness prior to maturity and of 5½% preferred stock; the possible improvement and expansion of present facilities; and the acquisition of manufacturing plants and crude oil properties if favorable opportunities therefore arise. **Underwriter**—None.

Consumers Power Co.
Aug. 29 filed 150,000 shares of preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for expansion and improvement of service facilities. **Underwriter** — **Morgan** Stanley & Co., New York. **Offering**—Postponed indefinitely.

★ Crouse-Hinds Co. (12/2)
Nov. 7 filed 219,408 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Producer of electrical conduit fittings. **Office**—Wolf and Seventh Sts., Syracuse, N. Y. **Underwriter**—Hornblower & Weeks, New York.

Cryogenic Engineering Co.
Sept. 22 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For repayment of loan; purchase of plant and office equipment; raw materials and supplies; and for working capital, etc. **Office**—U. W. National Bank Bldg., 1740 Broadway, Denver, Colo. **Underwriter**—L. A. Huey, Denver, Colo.

Cuban-Venezuelan Oil Voting Trusts, Havana, Cuba
March 31 filed 767,838 units of voting trust certificates, each certificate representing the ownership of one share of common stock (par one-half cent) in each of 24 Cuban companies. Price — To be supplied by amendment. Proceeds—For capital expenditures, exploration costs and other corporate purposes. Underwriter—None.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. Price—$1 per share. Proceeds—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. Office—Toronto, Canada, and Emporium, Pa. Underwriter—None.

★ Desilu Productions, Inc. (12/2)
Nov. 10 filed 525,000 shares of common stock, of which 250,000 shares are to be offered for the account of the company and 275,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—or purchase of studios, etc. **Business**—A producer of filmed television series. **Office**—780 North Gower St., Hollywood, Calif. **Underwriter**—Bache & Co., New York.

★ Dixon Chemical Industries, Inc. (11/24-12/5)
Nov. 7 filed $5,900,000 of 6% subordinated debentures, due Dec. 1, 1978, and 236,000 shares of common stock (par $1) to be offered in 59,000 units, each consisting of $100 principal amount of debentures and four shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and other corporate purposes. **Office**—1260 Broad St., Bloomfield, N. J. **Underwriter**—Harriman Ripley & Co., Inc., New York. **Offering**—Expected week of Nov. 24 or Dec. 1.

★ Dutch West India Co., Ltd.
Nov. 3 (letter of notification) 222,220 shares of common stock (par 10 cents). **Price**—$1.35 per share. **Proceeds**—For retirement of notes, purchase of equipment, raw materials, containers, etc., and leasehold improvements. **Office**—129 S. State St., Dover, Del. **Underwriter**—Rose Securities, Inc., New York, N. Y.

★ Dynamic Electronics-New York, Inc.
Oct. 31 (letter of notification) 99,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For equipping and putting in operation the new plant and for general corporate purposes. **Office** — 73-39 Woodhaven Blvd., Glendale, L. I., N. Y. **Underwriter**—Elliott & Co., New York, N. Y.

● Electronic Communications, Inc.
Oct. 24 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Office**—St. Petersburg, Fla. **Underwriter**—Laird & Co., Corp., New York. **Offering**—Expected today (Nov. 13).

Ethodont Laboratories, Berkeley, Calif.
Feb. 20 filed 300,000 shares of common stock. Price—At par ($5 per share). Proceeds—To cover operating expense during the development period of the corporation. Underwriter—None.

Federal Pacific Electric Co.
Oct. 10 filed 70,000 shares of common stock (par $1). These shares are a portion of the 111,910 shares previously issued or set aside for issue in connection with recent acquisitions. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—None.

Fleetwood Motel Corp.
Oct. 24 (letter of notification) $294,000 of 10-year 6% convertible debentures due 1968. **Price**—At par (in denominations of $100, $500 and $1,000. **Proceeds** — For construction of a five-story motor hotel. **Office**—1400 Philadelphia National Bank Bldg., Philadelphia, Pa. **Underwriter**—R. P. and R. A. Miller & Co., Inc., Philadelphia, Pa.

★ Florida Highlands Develpment Corp.
Oct. 30 (letter of notification) 14,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For development, improvement and sale of a 135-acre tract of land recently purchased by the corporation in Volusia County, Fla. **Office**—312 W. Palmetto Ave., Deland, Fla. **Underwriter**—None.

Fluorspar Corp. of America
Oct. 14 (letter of notification) 133,333 shares of common stock (par 25 cents). **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter** — Ross Securities Inc., New York, N. Y.

Fremont Valley Inn
Aug. 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To erect and operate an activities building, comprising a restaurant, cocktail lounge and coffee shop. **Office**—3938 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—Oscar G. Werner & Co., Pasadena, Calif.

★ General Acceptance Corp. (12/1-5)
Nov. 10 filed 300,000 shares of voting preferred stock, convertible series. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriters**—Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co., both of New York.

General Aero & Electronics Corp.
Sept. 29 filed 500,000 shares of common stock (par 10 cents), of which 100,000 shares are to be sold for the account of selling stockholders. **Price**—$2.25 per share. **Proceeds**—For acquisition of stock of National Missile & Electronics Corp., additional working capital and other corporate purposes. **Underwriter**—Willis E. Burnside & Co., Inc., New York.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). Proceeds—To the Attorney General of the United States. Underwriter—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). Bids—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

★ General Foods Corp.
Nov. 5 filed 526,162 shares of common stock, to be offered to salaried officers and other key employees of the company and its subsidiaries pursuant to Executive Stock Option Plans.

● General Public Service Corp. (11/18)
Oct. 29 filed 2,478,264 shares of common stock to be offered for subscription to common stockholders of record Nov. 18, 1958 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on Dec. 2. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—Stone & Webster Securities Corp., New York.

General Public Utilities Corp.
Oct. 1 filed a maximum 530,000 shares of common stock (par $5) being offered for subscription by common stockholders at the rate of one new share for each 20 shares held on Oct. 31, 1958; rights to expire on Nov. 21, 1958. **Price**—$38.50 per share. **Proceeds**—To pay short-term bank loans and for additional investments in domestic subsidiaries. **Clearing Agent**—Merrill Lynch, Pierce, Fenner & Smith, New York.

★ Gilmore Industries, Inc.
Nov. 4 (letter of notification) 10,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For the purchase of land and working capital. **Office**—13015 Woodland Ave., Cleveland, Ohio. **Underwriter**—None.

G-L Electronics Co., Inc., Camden, N. J. (11/18)
Oct. 24 filed 75,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Proceeds**—To purchase additional equipment and tooling for the company's magnetic laminations program; to discharge short-term bank loans; and for working capital; expansion of operations and other purposes. **Underwriters**—Woodcock, Hess, Moyer & Co., Inc., Stroud & Co., Inc., and Butcher & Sherrerd, all of Philadelphia, Pa., and four other firms.

● Grain Elevator Warehouse Co.
Nov. 3 filed 100,000 outstanding shares of common stock (par 10 cents). National Alfalfa Dehydrating & Milling Co., holder of the 100,000 common shares, proposes to offer to its stockholders preferential warrants to subscribe to 98,750 shares of Grain Elevator stock on the basis of one warrant to purchase one-eighth share of Grain Elevator stock for each share of National Alfalfa common held on Nov. 17, 1958; rights to expire Dec. 31. **Price**—$2 per share. **Proceeds**—To selling stockholder. **Office** — 927 Market Street, Wilmington, Del. **Underwriter**—None.

Grand Union Co.
Oct. 29 filed 187,534 shares of common stock (par $5) to be offered in exchange for outstanding common stock of Sunrise Supermarkets Corp. at the rate of one share of Grand Union stock for each 2.409 shares of Sunrise stock. The offer is subject to acceptance by at least 80% of the outstanding Sunrise shares by Dec. 31.

● Gray Manufacturing Co., Hartford, Conn. (11/25)
Oct. 28 filed 90,218 shares of capital stock (par $5) to be offered for subscription by common stockholders of record Nov. 25, 1958 at the rate of one new share for each four shares held. Subscription period will be approximately three weeks after date of issuance of rights, or Dec. 16. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—None.

● Great American Realty Corp., N. Y. (11/14)
Aug. 18 filed 440,000 shares of class A stock (par 10 cents). Of this stock, the company proposes to offer 400,000 shares and certain selling stockholders 40,000 shares. **Price**—$2.37½ per share. **Proceeds**—For work-

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NEW ISSUE CALENDAR

November 13 (Thursday)
Norfolk & Western Ry.__________**Equip. Trust Ctfs.**
(Bids noon EST) $6,690,000

November 14 (Friday)
Great American Realty Corp.__________Common
(Louis L. Rogers Co. and Joseph Mandell Co.) $1,045,000
Waltham Precision Instrument Co., Inc.__Common
(Offering to stockholders—not underwritten) $253,334

November 17 (Monday)
Bowling Corp. of America______________Common
(Charles Plohn & Co.) $1,350,000
Coleman Engineering Co., Inc.________Debentures
(Wilson, Johnson & Higgins and Lester, Ryons & Co.) $1,000,000
Colonial Aircraft Corp._______________Common
(Mallory Securities, Inc.) $259,869
Consolidated Foods Corp.____________Common
(Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc.) 111,489 shares.
International Bank for Reconstruction and Development (World Bank)____________Bonds
(The First Boston Corp. and Morgan Stanley & Co.) $100,000,000
Super Food Services, Inc.____Preferred & Warrants
(W. H. Tegtmeyer & Co.) $2,200,000

November 18 (Tuesday)
G-L Electronics Co., Inc._______________Common
(Woodcock, Hess, Moyer & Co., Inc.; Stroud & Co., Inc.; and Butcher & Sherrerd) 75,000 shares
General Public Service Co.______________Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 2,478,264 shares
Heli-Coil Corp. ____________________Debentures
(W. C. Langley & Co.) $1,300,000
Heli-Coil Corp. ______________________Common
(W. C. Langley & Co.) 180,000 shares
Kentucky Utilities Co.__________________Common
(Offering to stockholders—underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Son) 206,446 shares
Martin Co. _________________________Debentures
(Bear, Stearns & Co.) $20,000,000
Pacific Telephone & Telegraph Co.____Debentures
(Bids 11:30 a.m. EST) $80,000,000
State Loan & Finance Corp.___________Debentures
(Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co.) $10,000,000

November 19 (Wednesday)
First National Bank of Jersey City (N, J.)__Com.
(Offering to stockholders—may be underwritten by Van Alstyne, Noel & Co.) $935,000

November 20 (Thursday)
Central Electric & Gas Corp__________Debentures
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $2,000,000
Central Electric & Gas Co.____________Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $1,000,000
Hamilton Oil & Gas Corp.______________Common
(Offering not underwritten) $2,000,000
New Zealand (Government of)______________Bonds
(Kidder, Peabody & Co.) $10,000,000

November 21 (Friday)
American International Bowling Corp.____Common
(Netherlands Securities Co., Inc.) $2,310,000

November 24 (Monday)
Arvida Corp.________________Class A Common
(Carl M. Loeb, Rhoades & Co. and Dominick & Dominick) $27,500,000
Dixon Chemical Industries, Inc.__Debs. & Common
(Harriman Ripley & Co., Inc.) $5,900,000 of debentures and 236,000 shares of stock
World Wide Helicopters Ltd.______________Common
(Blair & Co., Incorporated) 212,153 shares

November 25 (Tuesday)
Chicago & North Western Ry.___**Equip. Trust Ctfs.**
(Bids noon CST) $1,875,000

November 26 (Wednesday)
Northern Natural Gas Co._____________Debentures
(Blyth & Co., Inc.) $30,000,000
Polaroid Corp. ________________________Common
(Offering to stockholders—underwritten by Kuhn, Loeb & Co.) 173,616 shares
Tucson Gas, Electric Light & Power Co.___Common
(Offering to stockholders—underwritten by Blyth & Co., Inc. and The First Boston Corp.) 110,000 shares

November 27 (Thursday)
Checker Motors Corp.___________________Common
(Offering to stockholders—not underwritten) 133,112 shares

December 1 (Monday)
General Acceptance Corp.______________Preferred
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) 300,000 shares
Pacific Telephone & Telegraph Co._________Common
(Offering to stockholders—not underwritten) $159,460,400
United States Freight Co.________________Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Smith) 150,000 shares

December 2 (Tuesday)
Crouse-Hinds Co.______________________Common
(Hornblower & Weeks) 219,408 shares
Desilu Productions, Inc.________________Common
(Bache & Co.) 525,000 shares
First National Bank in Dallas, Texas_____Common
(Offering to stockholders—underwritten by Equitable Securities Corp. and Merrill Lynch, Pierce, Fenner & Smith) $7,830,000
Pacific Gas & Electric Co.________________Bonds
(Bids to be invited) $50,000,000
Public Service Electric & Gas Co.________Common
(May be Merrill Lynch, Pierce, Fenner & Smith) 700,000 shares
Southern Colorado Power Co.____________Preferred
(Stone & Webster Securities Corp. and Paine, Webber, Jackson & Curtis) $2,500,000
T. I. M. E., Inc.________________________Common
(Blyth & Co., Inc.) 260,000 shares
Von's Grocery Co. ______________________Common
(Hemphill, Noyes & Co.) 360,000 shares

December 3 (Wednesday)
Montana-Dakota Utilities Co.______________Bonds
(Bids to be invited) $10,000,000
Union of South Africa_____________________Bonds
(Dillon, Read & Co. Inc.) $25,000,000

December 8 (Monday)
American Art Metals Co.______________Debentures
(The Johnson, Lane, Space Corp., W. E. Hutton & Co. and J. H. Hilsman & Co., Inc.) $1,250,000
National Old Line Insurance Co.__________Common
(Equitable Securities Corp.) 515,021 shares

December 9 (Tuesday)
Southern Bell Telephone & Telegraph Co.__Debens.
(Bids to be received) $70,000,000

December 10 (Wednesday)
Philadelphia Electric Co.__________________Bonds
(Bids noon EST) $50,000,000

December 16 (Tuesday)
Texas Power & Light Co.__________________Bonds
(Bids to be invited) $12,500,000

December 18 (Thursday)
Norfolk & Western Ry.__________**Equip. Trust Ctfs.**
(Bids to be invited) $5,850,000

Postponed Financing

Consumers Power Co.____________________Preferred
(Morgan Stanley & Co.) $15,000,000
Gulf States Utilities Co.__________________Bonds
(Bids to be invited) $17,000,000
Michigan Bell Telephone Co.__________Debentures
(Bids to be invited) $40,000,000
Montana Power Co.________________________Bonds
(Bids to be invited) $20,000,000
Moore-McCormack Lines, Inc.______________Bonds
(Kuhn, Loeb & Co. and Lehman Brothers) $24,000,000
Panama (Republic of)______________________Bonds
(Lehman Brothers) $16,700,000
Pennsylvania Power Co.____________________Bonds
(Bids to be invited) $8,000,000
Southwestern Bell Telephone Co.______Debentures
(Bids to be invited) $110,000,000
Utah Power & Light Co.__________________Bonds
(Bids to be invited) $20,000,000

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ing capital and other corporate purposes. **Underwriters**—Louis L. Rogers Co. and Joseph Mandell Co., both of New York, on a best efforts basis.

Gulf States Utilities Co.
Aug. 14 filed $17,000,000 of first mortgage bonds, series A, due 1988. **Proceeds**—Together with cash on hand, to redeem and retire $17,000,000 principal amount of 4⅞% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co (jointly); Stone & Webster Securities Corp.; and Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Had been expected to be received on Sept. 15, but has been indefinitely postponed.

Hamilton Oil & Gas Corp. (11/20)
Oct. 22 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—To acquire funds to test drill, explore, and develop oil and gas properties. **Underwriter**—None. [The registration includes an additional 588,000 common shares issuable upon exercise of 1,176,000 options rights previously offered (Oct. 19, 1957), which rights entitle the original purchaser thereof to purchase one-half share of stock at 50 cents per share at the expiration of 13 months after commencement of such offering.]

● **Hanna Mining Co., Cleveland, Ohio**
Oct. 17 filed 313,038 shares of common stock being offered for subscription by company's shareholders (other than the M. A. Hanna Co., the parent), and by the stockholders of the latter. Of the total, 131,606 shares are to be offered to shareholders of the parent at the rate of one share for each 16 shares of the parent's stock held. The remaining 131,432 shares are to be offered to the minority shareholders of the mining company at the rate of one share for each 3.45 shares held. The offering is made to shareholders of record Nov. 7; rights to expire on Nov. 21. **Price**—$68.50 per share. **Proceeds**—To reduce bank indebtedness. **Underwriter**—None. **Present Name**—Company is now known as Hanna Coal & Ore Corp.

Hartford Electric Light Co.
Oct. 9 filed 149,633 shares of common stock (par $25) being offered for subscription by common stockholders of record Oct. 21, 1958 at the rate of one new share for each 10 shares held; rights to expire on Nov. 17, 1958. **Price**—$56 per share. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Putnam & Co., Hartford, Conn.; Chas. W. Scranton & Co., New Haven, Conn.; and The First Boston Corp., New York.

Hawaiian Electric Co., Ltd.
Oct. 8 filed 84,700 shares of common stock (par $20) being offered for subscription by holders of its outstanding common stock of record Oct. 15, 1958, at the rate of one new share for each 10 shares then held; rights will expire on Nov. 20. **Price**—$42.50 per share. **Proceeds**—To become part of the general funds of the company and will be applied toward the cost of the company's construction program. **Underwriter**—None.

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of non-voting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box 348, Albany, N. Y. **Underwriter**—None.

● **Heli-Coil Corp., Danbury, Conn. (11/18-25)**
Oct. 24 filed $1,300,000 of convertible debentures due Nov. 1, 1973 and 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital and other corporate purposes. **Business**—Manufacturer of tools. **Underwriter**—W. C. Langley & Co., New York.

Heliogen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office** — 35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

Hoagland & Dodge Drilling Co., Inc.
June 12 filed 27,000 shares of capital stock. Price—$10 per share. Proceeds—To be used in part for the exploration of mines and development and operation of mines and in payment of indebtedness. Office—Tucson, Ariz. Underwriter—None.

★ **Home-Stake Production Co., Tulsa, Okla.**
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

★ **Honeggers' & Co., Inc., Fairbury, Ill.**
Nov. 7 filed 19,000 shares of common stock, of which 18,000 shares will be sold for the company, and 1,000 shares for a selling stockholder. **Price**—$30.50 per share. **Business**—Manufactures and sells formula feeds for livestock, animal and poultry, farm animal shelters and related equipment and supplies. **Proceeds** — For working capital and general corporate purposes, including the financing of increased inventory and receivables. **Underwriters**—Tabor & Co., Decatur, Ill., Fusz-Schmelzle & Co., Inc., St. Louis, Mo., and Ellis, Holyoke & Co., Lincoln, Neb.

● **Indiana & Michigan Electric Co.**
Sept. 26 filed $20,000,000 of first mortgage bonds due Nov. 1, 1988. **Proceeds**—To retire bank loans used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc. **Offering**—Date indefinite.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis.

Industro Transistor Corp. (N. Y.)
Feb. 28 filed 150,000 shares of common stock (par 10 cents). **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter** — S. D. Fuller & Co., New York. **Offering**—Being held in abeyance.

Investment Corp. of Florida
Oct. 9 (letter of notification) 55,555 shares of common stock (par two cents). **Price**—$4.50 per share. **Proceeds**—For capital account and paid-in surplus. **Office**—Atlantic Federal Building, 1750 E. Sunrise Boulevard, Ft. Lauderdale, Fla. **Underwriter**—None.

Jantzen, Inc.
Oct. 21 (letter of notification) 938 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To pay stockholders in cash for their fractional interests resulting from the 4% stock dividend of Nov. 1, 1958. **Office**—411 N. E. 19th Avenue, Portland, Ore. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, New York, N. Y.

● **Kentucky Utilities Co. (11/18)**
Nov. 3 filed 206,446 shares of common stock (par $10) to be offered for subscription by common stockholders of record Nov. 17, 1953, at the rate of one share for each 12 shares then held; rights to expire on Dec. 8. **Price**—To be supplied by amendment. **Proceeds**—To be used to finance part of the company's construction expenditures, including the payment of temporary bank loans incurred for that purpose. **Underwriters**—Blyth & Co., Inc., New York, and J. J. B. Hilliard & Sons, Louisville, Ky.

Lake Ontario Portland Cement Co., Ltd.
Oct. 29 filed 671,376 shares of common stock and warrants for the purchase of an additional 671,376 shares to be offered to common shareholders at the rate of one unit (consisting of one common share and one warrant) for each two shares held. **Price**—To be supplied by amendment. **Proceeds** — For construction program and for corporate purposes. **Office**—Picton, Ontario, Canada. **Underwriter**—None.

Laughlin Alloy Steel Co., Inc.
Aug. 28 filed $500,000 of 6% subordinated callable debentures due June 30, 1968, and 150,000 shares of common stock (par 10 cents) to be offered in units of $100 of debentures and 30 common shares. **Price**—$100 per unit. **Proceeds**—Together with a $175,000 mortgage loan from the American Brake Shoe Co., will be used to meet expenditures in acquiring latter company's South San Francisco foundry and for working capital. **Offices**—Las Vegas, Nev., and South San Francisco, Calif. **Underwriter**—Sam Watson Co., Inc., Little Rock, Ark., on a best efforts basis.

★ **Libby, McNeill & Libby**
Oct. 23 (letter of notification) 23,529 shares of common stock (par $7) to be offered to employees under the Employee Stock Purchase Plan in blocks of 25 shares or multiples thereof. **Price**—At the market (on the New York, Midwest or Pacific Coast Stock Exchanges.) **Proceeds**—To reimburse the company for stock purchased on market. **Office**—200 S. Michigan Ave., Chicago 4, Ill. **Underwriter**—None.

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

Ling Electronics, Inc.
Oct. 28 filed $922,500 of 5¾% subordinated convertible debentures due Dec. 1, 1970, to be offered in exchange on the basis of equal principal amounts for the outstanding 3% convertible subordinated income notes due 1967 of the Calidyne Co., Inc., a subsidiary. The company will offer to purchase at face value Calidyne notes from those stockholders who desire to sell their notes for cash, at a price equal to 100% of their principal amount.

● **Long Island Casualty Insurance Co.**
Sept. 29 filed 100,000 shares of capital stock (par $2.50) to be offered for subscription by holders of the company's presently outstanding 55,975 shares. **Price**—$6 per share. **Proceeds**—To be added to capital funds. **Office**—Garden City, L. I., N. Y. **Underwriter**—None. Statement effective Nov. 5.

● **Lorillard (P.) Co., New York (11/26)**
Nov. 5 filed 364,670 shares of common stock (par $10), to be offered for subscription by common stockholders at the rate of one new share for each eight shares held on Nov. 25; rights to expire on Dec. 9. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds of the company and used for corporate purposes, including reduction of short-term bank loans. **Underwriters**—Lehman Brothers and Smith, Barney & Co., both of New York.

Los Angeles Drug Co.
Oct. 3 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock, on a pro rata basis. Any shares not so sold will be offered on an exchange basis to holders of outstanding 5% sinking fund debentures. **Price**—$10.50 per share to stockholders; $11.50 to public. **Proceeds**—$328,300 to redeem outstanding 5% sinking fund debentures and $189,200 to reduce short term bank loans. **Office**—Los Angeles, Calif. **Underwriter**—Quincy Cass Associates, Los Angeles, Calif.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa. **Underwriter**—None.

M. C. A. Credit Co., Inc., Miami, Fla.
Oct. 6 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds**—To reduce current indebtedness to Walter E. Heller & Co. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

● **Mairs & Power Fund, Inc., St. Paul, Minn.**
Aug. 6 filed 40,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—1002 First National Bank Bldg., St. Paul, Minn. Statement effective Nov. 3.

★ **Marine Corp., Milwaukee, Wis.**
Nov. 10 filed 501,500 shares of common stock (par $10) to be offered in exchange for all the issued and outstanding shares of capital stock of the following banks at the indicated ratios of exchange: (1) two shares for each of the 220,000 outstanding shares of Marine National Exchange Bank of Milwaukee, $20 par; (2) 22 shares for each of the 1,000 outstanding shares of Cudahy State Bank, Cudahy, Wis., $100 par; (3) three shares for each of the 7,500 outstanding shares of Holton State Bank, Milwaukee, $20 par; and (4) 17 shares for each of the 1,000 outstanding shares of South Milwaukee Bank, South Milwaukee, $100 par. Each of the exchange proposals is conditioned (among other things) upon exchanges being made with the holders of not less than 80% of the stock of the bank with respect to which the proposal is made.

● **Martin Co., Baltimore, Md. (11/18)**
June 11 filed $20,000,000 of sinking fund debentures, due Nov. 1, 1968 (with common stock purchase warrants). **Proceeds**—For working capital and general corporate purposes. **Price**—To be supplied by amendment. **Underwriter**—Bear, Stearns & Co., New York.

★ **McCormick & Co., Inc.**
Oct. 27 (letter of notification) 1,000 shares of non-voting common stock (no par) and 1,000 shares of common stock (no par) to be offered to certain employees. **Price**—At market. **Proceeds**—For working capital. **Office**—414 Light St., Baltimore 2, Md. **Underwriter**—None.

★ **Medical Arts Building Co.**
Oct. 24 (letter of notification) $290,000 of limited partnership interests. **Price**—$10,000 or multiples thereof per interest. **Proceeds**—For mortgage payment, reserve, and deposit on contract by general partners. **Office** — 366 Broadway, New York 13, N. Y. **Underwriter**—None.

Merchants Petroleum Co.
Oct. 8 (letter of notification) 159,395 shares of common stock (par 25 cents) to be offered for subscription by stockholders of record Oct. 15, 1958 on the basis of one new share for each five shares held; rights to expire Dec. 15, 1958. Unsubscribed shares may be offered to one or more persons selected by the board of directors. **Price**—$1.40 per share. **Proceeds**—To reduce bank loan; to increase working capital and for general corporate purposes. **Office**—617 W. 7th Street, Los Angeles, Calif. **Underwriter**—None.

★ **Mid-Atlantic Marina, Inc., Baltimore, Md.**
Oct. 28 (letter of notification) 60,000 shares of 7% preferred stock (par $3.50). **Price**—$5 per share. **Proceeds**—For construction of a marina. **Office** — Room 104, Old Town Bank Bldg., Baltimore 2, Md. **Underwriter**—Maryland Securities Co., Baltimore, Md.

★ **Mid-Hudson Oil Co., Inc.**
Oct. 30 (letter of notification) $300,000 of 6% registered debenture bonds, due Nov. 15, 1963 to be offered in units of $100 debentures. **Price**—At par. **Proceeds**—For working capital. **Office** — Prospect St., Poughkeepsie, N. Y. **Underwriter**—None.

★ **Middle South Utilities, Inc.**
Nov. 6 filed 25,000 shares of common stock to be offered to eligible employees of the company and its subsidiaries pursuant to the corporation's Stock Purchase Plan.

★ **Midwest Electronics, Inc.**
Nov. 3 (letter of notification) 30,000 shares of common stock (par 50 cents) and $300,000 of 6% series one, 8-year promissory notes to be offered in units of a $500 note due not sooner than Jan. 1, 1961 and not later than Jan. 1, 1966 and 50 shares of stock. **Price**—$500 per unit. **Office**—4000 Main Ave., Fargo, N.D. **Underwriter**—None.

★ **Montana-Dakota Utilities Co. (12/3)**
Nov. 7 filed $10,000,000 of first mortgage bonds due Dec. 1, 1983. **Proceeds**—To repay short-term bank loans in the amount of $9,000,000 and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co. (jointly); Blair & Co. **Bids**—Expected to be received on Dec. 3.

Montana Power Co.
July 1 filed $20,000,000 of first mortgage bonds due 1988. Proceeds — Together with other funds, to be used to repay $15,500,000 in bank loans and to carry on the company's construction program through 1959. Underwriter—To be determined by competitive bidding. Prob-

able bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc (jointly). **Bids**—Had been expected to be received up to noon (EDT) on Aug. 26 at Room 2033, Two Rector St. New York, N. Y., but company on Aug. 22 again decided to defer sale pending improvement in market conditions

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers** — Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc.

Motion Picture Investors Inc.
July 11 filed 200,000 shares of common stock (par $1). **Price**—$10.75 per share. **Proceeds**—For investment. **Office**—1000 Power & Light Bldg., Kansas City, Mo. **Underwriter**—None.

Narda Ultrasonics Corp., Westbury, L. I., N. Y.
Nov. 4 filed 60,000 shares of common stock (par 10 cents). **Price** — To be supplied by amendment. **Proceeds** —To Narda Microwave Corp., the selling stockholder. **Underwriters** — Milton D. Blauner & Co., Inc. and Michael G. Kletz & Co., both of New York, and six other underwriters.

National Beryl & Mining Corp., Estes Park, Colo.
May 16 (letter of notification) 2,916,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Underwriter** —Birkenmayer & Co., Denver, Colo.

National Educators Finance Corp.
June 4 (letter of notification) 50,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—To train and procure persons to implement and carry out the projected plan of development and operation **Office**—1406 Pearl St., Boulder, Colo. **Underwriter**—Western Securities Co., Boulder, Colo.

★ **National Old Line Insurance Co. (12/8-18)**
Nov. 10 filed 515,021 outstanding shares of class BB common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Capital Ave. and Wood Lane, Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn. **Offering**—Expected the second or third week of December.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston Tex. **Underwriter**—T. J. Campbell Investment Co., Inc. Houston, Tex.

★ **New Zealand (Government of) (11/20)**
Nov. 7 filed $10,000,000 12-year bonds due Dec. 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—For capital works and expenditures. **Underwriter**—Kidder, Peabody & Co., New York.

Northeast Telecommunications, Inc.
Oct. 20 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —To complete a two-way telecommunication mobile unit; for test equipment and for working capital. **Office** —122 E. 42nd St., New York, N. Y. **Underwriters** — Pearson, Murphy & Co., Inc. and Reilly, Hoffman & Co., Inc., both of New York.

★ **Northern Natural Gas Co., Omaha, Neb. (11/26)**
Nov. 5 filed $30,000,000 of sinking fund debentures, due Nov. 1, 1978. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred for payment of 1958 construction costs, including the purchase of securities issued by subsidiary companies for their construction costs, and for other corporate purposes. **Underwriter**—Blyth & Co., Inc., New York.

Northwest Gas & Oil Exploration Co.
Aug. 22 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For acquisition of additional gas and oil interests and corporate administrative expenses. **Office**—150 Broadway, New York 38, N. Y. **Underwriter** — Greenfield & Co., Inc., New York 5, N. Y.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

★ **Oil, Gas & Minerals, Inc.**
Nov. 4 (letter of notification) 150,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Office**—National Bank of Commerce Bldg., New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La.

★ **Organ Mountain Enterprises, Inc.**
Nov. 3 (letter of notification) 283,500 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mortgage payment, property survey, construct motel and restaurant, etc. **Address**—P. O. Box 44, Mesilla Park, N. M. **Underwriter**—None.

O. T. C. Enterprises Inc.
March 6 (letter of notification) 23,200 shares of common class B stock (par $1). **Price**—$5 per share. **Proceeds**—For completion of plant plans; land; construction and operating expenses. **Office**—2502 N. Calvert St., Baltimore 18, Md. **Underwriter**—Burnett & Co. Sparks, Md.

★ **Pacific Gas & Electric Co. (12/2)**
Nov. 7 filed $50,000,000 of first and refunding mortgage bonds, series DD, due June 1, 1990. **Proceeds**—For cost of utility property additions. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received Dec. 2.

Pacific Petroleums, Ltd.
Oct. 29 filed 521,149 shares of common stock (par $1), of which 210,257 shares are to be issued in exchange for properties and 286,890 shares and 24,002 shares respectively, in exchange for stock of Humber Oils Ltd. and Catalina Oils Ltd. The offer to Humber Oils Ltd. stockholders will be on the basis of one share of Pacific common for each nine outstanding shares of Humber common; and the offer to Catalina Oils Ltd. shareholders on the basis of four shares of Pacific common for each 31 shares of Catalina stock. The exchange offer with respect to the Humber stock is subject to the condition that Pacific acquire at least 80% of the 2,582,015 outstanding shares of Humber stock; and the proposal with respect to Catalina is subject to the condition that Pacific acquire at least 90% of the 186,016 outstanding shares of Catalina stock (after exercise of outstanding options for 90,000 shares of the latter).

Pacific Telephone & Telegraph Co. (11/18)
Oct. 24 filed $80,000,000 of 32-year debentures due Nov. 1, 1990. **Proceeds** — To repay advances from American Telephone & Telegraph Co., the parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—To be received up to 11:30 a.m. (EST) on Nov. 18 at Room 2315, 195 Broadway, New York, N. Y.

● **Pacific Telephone & Telegraph Co. (12/1)**
Oct. 24 filed 1,594,604 shares of common stock to be offered for subscription by holders of outstanding common and preferred stock of record Nov. 26, 1958 on the basis of one new share for each eight common or preferred shares held; rights will expire on Dec. 30, 1958. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co. **Underwriter** — None. **Control** — Of the 832,000 shares of 6% preferred stock (par $100) and 11,936,835 shares of common stock (par $100) outstanding as of Oct. 24, 1958, there were owned by the American Telephone & Telegraph Co. 640,957 preferred shares and 10,790,943 common shares.

Panama (Republic of)
Oct. 9 filed $16,700,000 of external secured bonds of 1958 to mature April 1, 1988. **Price** — To be supplied by amendment. **Proceeds** — To retire certain outstanding debt and for Panama's feeder road program. **Underwriter**—Lehman Brothers, New York. **Offering**—Temporarily postponed.

★ **Papercraft Corp., Pittsburgh, Pa.**
Nov. 12 filed 250,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The corporation is a leading manufacturer and distributor of gift wrapping products for all occasions. **Underwriter**—Eastman Dillon, Union Securities & Co., Chicago, Ill.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

Peninsular Metal Products Corp.
Oct. 6 (letter of notification) 10,000 shares of common stock (par $1). **Price**—At market (not to exceed an aggregate of $100,000). **Proceeds**—To a selling stockholder. **Office**—1365 Jarvis, Ferndale, Mich. **Underwriter**—Wm. C. Roney & Co., Detroit, Mich.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions.

★ **Pioneer Trading Corp., Bayonne, N. J.**
Nov. 10 filed 10,000 shares of $8 cumulative preferred stock, series A (par $100) and $1,000,000 of 8% subordinated debentures, series A, due Dec. 1, 1968 to be offered in units of a $500 debenture and five shares of preferred stock. **Price**—$1,000 per unit. **Proceeds** — For general corporate purposes. **Underwriter**—None.

★ **Polaroid Corp. (11/26)**
Nov. 6 filed 173,616 shares of common stock (par $1) to be offered for subscription by common stockholders of record Nov. 25, 1958 on the basis of one new share for each 21 shares then held; rights to expire on Dec. 9. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter** — Kuhn, Loeb & Co., New York.

Ponce de Leon Trotting Association, Inc.
Aug. 7 filed 400,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To pay current liabilities, for new construction and working capital. **Office**—Bayard, Fla. **Underwriter**—Robert L. Ferman Co., Inc., Miami, Fla.

★ **Potomac Electric Power Co.**
Nov. 10 filed $25,000,000 of first mortgage bonds due 1993. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Harriman Ripley & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); Dillon, Reed & Co., Inc. and Johnston, Lemon & Co. (jointly).

Prairie Fibreboard Ltd.
Aug. 18 filed 209,993 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $3 per share. **Proceeds** — For construction purpose. **Office** —Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., and United Securities, Ltd., both of Saskatoon, Canada.

Preferred Risk Life Insurance Co.
Sept. 8 filed 250,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Office**—Colorado Springs, Colo. **Underwriter** —None.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter** —Rassco Israel Corp., New York, on a "best efforts" basis. **Offering**—Expected late this year.

Relur Corp.
Oct. 16 (letter of notification) 150,000 shares of common stock (par five cents). **Price** — $2 per sare. **Proceeds** — For inventories and working capital. **Office**—1007 South 21st Avenue, Hollywood, Fla. **Underwriter**—Name to be supplied by amendment.

Remo Corp., Orlando, Fla.
Sept. 22 filed 100,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter** — Citrus Securities Co., Orlando, Fla.

Reynolds Engineering & Supply, Inc.
Aug. 22 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—2118 N. Charles St., Baltimore 18, Md. **Underwriter**—L. L. Bost Co., Baltimore, Md.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Rocky Mountain Quarter Racing Association
Oct. 31, 1957 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** —To repay outstanding indebtedness. **Office**—Littleton, Colo. **Underwriter**—R. B. Ford Co., Windover Road, Memphis, Tenn.

Routh Robbins Investment Corp.
Sept. 22 filed $1,000,000 of 10-year 6% cumulative convertible debentures and 99,998 shares of common stock. **Price**—Of debentures, at par (in units of $100 each); and of stock, $1 per share. **Proceeds** — For investments and working capital. **Office**—Alexandria, Va. **Underwriter**—None.

Rural Telephone Co., Knox, Pa.
Sept. 29 (letter of notification) 3,000 shares of common stock (par $10) to be offered to stockholders on the basis of one new share for each three shares held; rights will expire on Oct. 31, 1958. **Price**—$20 per share. **Proceeds**—For installation, construction and working capital. **Underwriter**—None.

Scientific-Atlanta, Inc.
Sept. 11 (letter of notification) 6,500 shares of common stock (par 50 cents) being offered for subscription by common stockholders of record Sept. 10, 1958 on the basis of one new share for each 20 shares held; rights to expire Nov. 14, 1958. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—2162 Piedmont Road, N. E., Atlanta 9, Ga. **Underwriter**—None.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share. **Proceeds**—To go to a selling stockholder. **Office**—400 W. Vickery Blvd., Fort Worth, Tex. **Underwriter**—Kay & Co., Inc., Houston, Tex.

Sheraton Corp. of America
Oct. 24 filed $26,500,000 of 7½% capital income sinking fund debentures. The company proposes to offer $8,000,000 of the debentures in exchange for outstanding common shares and an additional $4,000,000 in exchange for outstanding 4¾% convertible debentures due March 1, 1967, and 5% debentures due March 1, 1967 (the terms of the exchange offers are to be supplied by amendment). An additional $1,000,000 of the new debentures are to be offered to company employees at an offering price equal to 95% of principal amount.

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The remaining $13,500,000 of debentures, plus any part of the $12,000,000 not taken pursuant to the exchange offers will be offered for public sale at 100% of principal amount. **Proceeds** — For general corporate purposes, including the financing of the cost of any acquisitions and new construction. **Underwriter**—Sheraton Securities Corp., Boston, Mass, on a best efforts basis.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. **Price**—At par. **Proceeds**—For working capital. **Office** — 3172 North Sheridan Rd., Chicago 14, Ill. **Underwriter**—None.

★ **Sire Plan of Elmsford, Inc., New York**
Nov. 10 filed $250,000 of 6% 10-year debentures and 5,000 shares of 66% participating preferred stock (par $50) to be offered in units of a $50 debenture and one share of preferred stock. **Price**—$100 per unit. **Proceeds**—For acquisition of motels. **Underwriter**—Sire Plan Portfolios, Inc., New York.

★ **Southern Colorado Power Co. (12/2)**
Nov. 10 filed 50,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be applied to the payment in part of obligations incurred or to be incurred in connection with the company's construction program during 1957 and 1958 or for the payment of bank loans made in connection therewith. **Underwriters**—Stone & Webster Securities Corp. and Paine, Webber,, Jackson & Curtis, both of New York.

★ **Stanway Oil Corp.**
Oct. 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchase of Cadillac Oil Co., working capital, etc. **Office**—9151 Sunset Blvd., Los Angeles 46, Calif. **Underwriter**—None.

State Life, Health & Accident Insurance Co.
July 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

State Loan & Finance Corp. (11/18)
Oct. 27 filed $10,000,000 of sinking fund subordinated debentures due 1978, with 1958 series warrants to purchase class A common stock. **Price**—To be supplied by amendment. **Proceeds**—To redeem and retire all of the outstanding 5% 10-year sinking fund subordinated debentures, due April 1, 1960 and all of the outstanding 5% seven-year sinking fund subordinated debentures, due April 1, 1960; the balance will be added to the company's general funds to be used to reduce bank loans and short-term notes of the company. **Underwriters**—Johnston, Lemon & Co., Washington, D. C.; and Eastman Dillon, Union Securities & Co., New York.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $1 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

★ **Structural Fibers, Inc.**
Nov. 4 (letter of notification) 15,700 shares of common stock to be offered by company for subscription by stockholders of record Nov. 17, 1958 at the rate of one share for each two shares held. **Price**—At par ($10 per share). **Proceeds**—To retire outstanding debts and for working capital. **Office**—Fifth Ave., Chardon, Ohio. **Underwriter**—None.

● **Super Food Services, Inc. (11/17-21)**
Oct. 28 filed 110,000 shares of preferred stock, first series, and 110,000 warrants, first series, to purchase a like number of common shares to be offered in units of one preferred share and one warrant (warrants are exercisable at $2.50 per common share). **Price**—$20 per unit. **Proceeds**—To purchase outstanding shares of F. N. Johnson Co. **Underwriter**—W. H. Tegtmeyer & Co., Chicago, Ill. [In addition, the company is offering warrants to purchase 6,347 common shares to holders of class A capital stock, if converted to common shares on or before Dec. 31, 1958; and warrants to purchase 6,000 shares are being given to Central Illinois Securities Corp., which has subscribed to 25,000 of the units being offered. A total of 42,356 common shares are being offered to class A capital shareholders in exchange for said class A shares on a share for share basis.]

★ **Surrey Oil & Gas Corp., Dallas, Tex.**
Nov. 12 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To retire current liabilities and for working capital. **Underwriter**—Peter Morgan & Co., New York.

Thomas Paint Products Co.
May 26 (letter of notification) 1,250 shares of common stock (par $10) and $37,500 of 6% serial subordinated debentures series 1958, to be offered in units of one share of stock and $50 principal amount of debentures to be offered to stockholders on the basis of one unit for each two shares of stock owned (500 of the shares are being offered to the President of the company). **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—543 Whitehall St., S. W., Atlanta, Ga. **Underwriter**—None.

Timeplan Finance Corp.
March 25 (letter of notification) 27,272 shares of 70-cent cumulative preferred stock (par $5) and 27,272 shares of common stock (par 10 cents) to be offered in units of one share to each class of stock. **Price**—$11 per unit **Proceeds** — For working capital. **Office** — 111 E. Main St. Morristown, Tenn. **Underwriter**—Valley Securities Corp., Morristown, Tenn.

Tip Top Oil & Gas Co., Salt Lake City, Utah
April 15 filed 220,000 shares of common stock, of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—To drill two new wells and for general corporate purposes. **Underwriter** — Andersen-Randolph & Co., Inc., Salt Lake City, Utah.

★ **Tower Merchandise Mart, Inc., Boulder, Colo.**
Nov. 10 filed 500,000 shares of common stock (par $5). **Price**—$10 per share. **Proceeds**—For working capital and construction program. **Underwriter**—Allen Investment Co., Boulder, Colo.

Trans Caribbean Airways, Inc. (N. Y.)
Oct. 6 filed $1,100,000 of 5½% convertible subordinated debentures, due Oct. 1, 1968. **Price**—100% of pirncipal amount. **Proceeds**—To be added to the general funds of the company to replenish working capital expended in the acquisition of aircraft. **Underwriter**—None.

Triton Corp., Newark, N. J.
Aug. 1 filed $1,600,000 of 5% debentures due 1973, 4,000 shares of 6% preferred stock (par $100) and 48,000 shares of common stock (par $1) to be offered in units of $8,000 of debentures, 20 shares of preferred stock and 240 shares of common stock. **Price**—$10,240 per unit. **Proceeds**—To acquire, own and operate interests in producing oil and gas properties. **Underwriter**—None. **Office**—11 Commerce Street, Newark, N. J. Timothy H. Dunn is President.

● **Tucson Gas, Electric Light & Power Co. (11/26)**
Nov. 5 filed 110,000 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held of record Nov. 25, 1958; rights to expire on Dec. 15. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds of the company and used for payment of promissory notes. **Underwriters**—Blyth & Co., Inc. and The First Boston Corp., both of New York. [Registration also covers 11,000 additional common shares to be offered to regular full time employees, including officers of company.]

Tungsten Mountain Mining Co.
Aug. 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To extinguish present indebtedness, increase reserve for contingencies and working capital. **Office**—511 Securities Bldg., Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., 807 Hoge Bldg., Seattle 4, Wash.

Union Finance Corp., Tampa, Fla.
Sept. 26 filed $500,000 of 6% 20-year sinking fund convertible capital debentures due Oct. 15, 1978. **Price** — 100% and accrued interest. **Proceeds**—To be added to the general funds of the company and initially used to reduce bank loans and short term notes. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla. **Offering**—Expected this week.

★ **Union of South Africa (12/3)**
Nov. 10 filed $25,000,000 of External Loan Bonds dated Dec. 1, 1958 and due in 1961, 1962, 1963 and 1968. **Price**—To be supplied by amendment. **Proceeds**—To meet the Union's capital requirements. **Underwriter**—Dillon, Read & Co. Inc., New York.

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

United Security Life & Accident Insurance Co.
Aug. 22 filed 120,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—To provide the reserves required to be held in life and accident insurance policies, and to pay the necessary expenses in producing insurance. **Office**—Louisville, Ky. **Underwriter**—None. Edmond M. Smith, is President.

U. S. Polymeric Chemicals, Inc.
Oct. 22 (letter of notification) 26,285 shares of common stock (par 50 cents) being offered for subscription by stockholders of record Nov. 3, 1958 on the basis of four new shares for each 13 shares held; rights will expire on Nov. 24, 1958. **Price**—$11 per share. **Proceeds**—For equipment, bank loan and for working capital. **Office**—P. O. Box 546, Canal & Ludlow Sts., Stamford, Conn. **Underwriter**—Dominick & Dominick, New York.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

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

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Utah Power & Light Co.
June 26 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem $15,000,000 of first mortgage bonds, 5¼% series due 1987, to repay $4,000,000 of bank borrowings, and the balance together with further borrowings under a bank agreement and cash generated in the business will be used to carry forward the construction program of the company and its subsidiaries amounting to approximately $43,000,000 for the period 1958-1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Blyth & Co. Inc. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Salomon Brothers & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., and Smith, Barney & Co. (jointly). **Bids**—Were to have been received in Room 2033, 2 Rector Street, New York, N. Y., up to noon (EDT) on Sept. 9, but were postponed on Sept. 3. Bids will now be received on such day subsequent to Sept. 22, 1958 but not later than Nov. 25, 1958 as shall be designated by company.

● **Von's Grocery Co., Los Angeles, Calif. (12/2)**
Nov. 5 filed 360,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Hemphill, Noyes & Co., Los Angeles, Calif., and New York City.

● **Waltham Precision Instrument Co., Inc. (11/14)**
Oct. 24 (letter of notification) 253,334 shares of common stock to be offered for subscription by stockholders on the basis of one share for each eight shares held as of Nov. 12, 1958 (with an oversubscription privilege); rights to expire on Dec. 1, 1958. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—Waltham, Mass. **Underwriter**—None.

★ **West Chemical Products, Inc.**
Oct. 28 (letter of notification) 7,500 shares of common stock (par 50 cents) to be offered to certain employees. **Price**—$13 per share. **Proceeds**—To selling stockholder. **Office**—42-16 West Street, L. I. C. 1, N. Y. **Underwriter**—None.

Willer Color Television System, Inc.
April 2 (letter of notification) 72,035 shares of common stock (par $1) of which 10,000 are to be offered to stockholders at $2 per share and the remaining 62,035 shares are to be publicly offered at $3 each. **Proceeds** — For general corporate purposes. **Office**—151 Adell Avenue, Yonkers, N. Y. **Underwriter** — Edwin Jefferson, 39 Broadway, New York 6, N. Y.

Wilmington Country Club, Wilmington, Del.
Oct. 27 filed $500,000 of debentures due 1991 (non interest bearing) and 800 shares of common stock (par $25) to be offered to members of this club and of Concord Ltd. **Price**—$375 per common share and $1,000 per debenture. **Proceeds** — To develop property and build certain facilities. **Underwriter**—None.

★ **Winn-Dixie Stores, Inc.**
Nov. 5 filed 75,000 common shares to be offered pursuant to the company's Stock Purchase Plan for Employees, and 25,000 common shares to be offered pursuant to the company's Executive Incentive Stock Option Plan.

★ **Wisconsin Public Service Corp.**
Nov. 12 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans incurred for 1958 construction. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith, New York; Robert W. Baird & Co., Inc., Milwaukee, Wis.; and William Blair & Co., Chicago, Ill.

★ **Wood (Alan) Steel Co., Conshohocken, Pa.**
Oct. 31 (letter of notification) an undetermined number of shares of common stock (par $10) to be offered to certain employees through payroll deductions. Plan starts Jan. 31, 1959 and ends Oct. 31, 1959. **Price**—At the market on the American Stock Exchange and Philadelphia-Baltimore Stock Exchange or private sale (not exceeding the lowest of the current or last offering price on the American Stock Exchange). **Proceeds**—To buy stock for members of the company's Stock Purchase Plan for 1959. **Underwriter**—None.

★ **Woolfoam Corp.**
Nov. 6 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—44 W. 18th St., New York, N. Y. **Underwriter**—C. H. Abraham & Co., Inc., New York 17, N. Y.

World Wide Helicopters Ltd. (11/24)
Oct. 28 filed American depositary receipts for 212,158 shares of £1 par ordinary (common) stock (together with a like number of the shares. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Blair & Co., Incorporated, New York. **Office**—Nassau, Bahamas.

Prospective Offerings

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

Austria (Republic of)
July 15 it was announced that the country contemplates the issuance and sale of $30,000,000 bonds. **Proceeds**—For electric power projects and other improvements. **Underwriter**—May be Kuhn, Loeb & Co., New York. **Offering**—Expected in October or early November.

Bank of New York
Oct. 21 stockholders of record that date were given the right to subscribe on or before Nov. 14 for 30,000 shares of $100 par capital stock in the ratio of one new share for each eight shares held. **Price**—$225 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Morgan Stanley & Co., New York.

Chicago & North Western Ry. (11/25)
Bids will be received up to noon (CST) on Nov. 25 by the company for the purchase from it of $1,875,000 additional equipment trust certificates to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Commonwealth Edison Co.
Aug. 25 it was reported that the company may issue and sell $25,000,000 of preferred stock. **Underwriters**—May be The First Boston Corp. and Glore Forgan & Co., both of New York. **Offering**—Expected late in 1958 or during the first three months of 1959.

Denmark (Kingdom of)
Sept. 2 it was reported that an issue of between $20,000,000 to $30,000,000 may possibly be placed on the American market this year. **Underwriter**—Kuhn, Loeb & Co., New York.

First City National Bank
Sept. 19 it was announced Bank plans to offer to its stockholders of record Oct. 2, 1958 the right to subscribe for 125,000 additional shares of capital stock (par $20) on the basis of one new share for each 10 shares held; rights to expire on Jan. 10, 1959. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Office**—931 Main Street, Houston 1, Texas.

First National Bank in Dallas, Texas (12/2)
Oct. 27 it was announced stockholders will vote on Dec. 2 to approve a plan to offer 290,000 shares of additional common stock (par $10) to stockholders of record Dec. 2, 1958 on a one-for-eight basis; rights to expire on Dec. 18. **Price**—$27 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Equitable Securities Corp., Dallas, Texas, and Merrill Lynch, Pierce, Fenner & Smith, Fort Worth, Texas.

★ **First National Bank of Jersey City (N. J.) (11/19)**
Nov. 6 it was announced Bank plans to offer to its stockholders of record Nov. 19, 1958 the right to subscribe on a pro rata basis for an additional 17,000 shares of capital stock (par $25). **Price**—$55 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Van Alstyne, Noel & Co., New York.

Great Atlantic & Pacific Tea Co., Inc.
Feb. 19 it was reported a secondary offering of common voting stock is expected this year. **Underwriters** — May include: Blyth & Co., Inc.; Lehman Brothers and Smith, Barney & Co.

Haverhill Gas Co.
Oct. 20 stockholders approved a proposal to increase authorized capital by an additional 12,285 shares of capital stock (par $10) which would be offered for subscription by stockholders on a pro rata basis, with an additional subscription privilege. Stockholders will also vote on authorizing issuance and sale of $900,000 5¼% first mortgage bonds, due Oct. 1, 1983. **Proceeds**—Together with other funds, will be used to pay bank debt, and for expansion purposes. **Underwriter** — Stone & Webster Securities Corp., New York.

Heublein, Inc.
Aug. 25 it was reported that the company plans early registration of 400,000 shares of common stock; of which 100,000 shares are to be sold for the account of selling stockholders. **Proceeds**—For expansion. **Underwriter**—Glore, Forgan & Co., New York. **Offering** — Expected sometime in November.

★ **International Bank for Reconstruction and Development (World Bank) (11/17-21)**
Nov. 12 Eugene R. Black, President, announced that the Bank proposes to offer a new issue of $100,000,000 4½% 15-year bonds due Dec. 1, 1973. **Underwriters**—The First Boston Corp. and Morgan Stanley & Co., both of New York.

Japan (Empire of)
Aug. 20 it was stated that an issue of between $30,000,000 and $50,000,000 of bonds may soon be publicly offered on the American market. **Proceeds**—For public works projects, etc. **Underwriter**—The First Boston Corp., New York.

Kansas Gas & Electric Co.
March 31, G. W. Evans, Chairman, announced that company plans to sell some bonds originally scheduled for mid-year. The proposed sale was subsequently deferred until late 1958 or early 1959. **Proceeds**—About $8,000,000 for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co., and Goldman Sachs & Co. (jointly).

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.: Blyth & Co., Inc.; Equitable Securities Corp

Laboratory for Electronics, Inc.
July 3, Henry W. Harding, President, announced that the directors are currently considering refinancing $790,000 of outstanding notes ($658,750 held by a principal stockholder and $131,250 by a bank) on a more permanent basis. This may be done through equity or convertible debenture financing. **Office**—75 Pitts St., Boston, Mass.

Master Fund, Inc., Fairfield, Calif.
Jan. 27 it was announced this newly organized investment company plans to offer to bona fide residents of California 10,000 shares of capital stock (par $1). **Price**—$10 per share, less an underwriting discount of 8½%. **Proceeds**—For investment.

Michigan Bell Telephone Co.
Aug. 12 directors approved plans to sell $40,000,000 of 34-year debentures. **Proceeds**—To redeem a like amount of 4¾% debentures due November, 1992. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Had been tentatively scheduled to be received on Sept. 16, but on Aug. 26 it was voted to postpone this refunding program because of present market conditions.

Midland Enterprises, Inc.
March 28, company announced it plans to issue on or before Dec. 31, 1958 $3,200,000 of first preferred mortgage bonds. May be placed privately. **Proceeds** — To repay bank loans and for working capital.

Moore-McCormack Lines, Inc.
March 24 it was announced company plans to issue and sell $24,000,000 of government insured bonds secured by a first preferred ship mortgage on the liners S. S. Brasil and S. S. Argentina. **Underwriters**—Kuhn, Loeb & Co. and Lehman Brothers, both of New York. **Offering** — Postponed because of uncertain market conditions.

New York State Electric and Gas Co.
March 7 it was announced that approximately $7,500,000 from additional financing will be required for construction expenditures for the balance of this year. The management intends to negotiate a new line of credit with a group of banks and expects to sell equity securities later this year or in early 1959, depending upon prevailing market conditions. **Underwriter**—For any common stock: The First Boston Corp., New York.

● **Norfolk & Western Ry. (11/13)**
Bids will be received by the company up to noon (EST) on Nov. 13 for the purchase from it of $6,690,000 equipment trust certificates due semi-annually May 1, 1959 to Nov. 1, 1973, inclusive. Probable bidders: Halsey, Stuart & Co. Inc., Salomon Bros. & Hutzler.

★ **Norfolk & Western Ry. (12/18)**
Bids are expected to be received by the company on Dec. 18 for the purchase from it of $5,850,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Illinois Gas Co.
June 10 it was announced company will sell late this year $10,000,000 mortgage bonds but on Sept. 12 it was stated that immediate financing will not be necessary. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

★ **Northern Insurance Co. of New York**
Nov. 8 it was announced company plans to offer to its stockholders the right to subscribe for 290,400 shares of capital stock (par $12.50) on the basis of one new share for each two shares held (following 100% stock distribution). Stockholders will vote Dec. 10 on both proposals. Subscription warrants are expected to be issued late in December or early in January. **Underwriter**—May be The First Boston Corp., New York.

Philadelphia Electric Co. (12/10)
Oct. 21 it was announced that company plans early registration of $50,000,000 28-year first refunding mortgage bonds due 1986. **Proceeds**—To be used to finance construction program and to repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp.; White, Weld & Co. **Bids**—Expected to be received up to noon (EST) on Dec. 10.

Public Service Electric & Gas Co. (12/2)
Sept. 22 it was reported that the company plans offering 700,000 additional shares of common stock, and plans to apply to the State Public Utility Commission seeking exemption from competitive bidding. **Underwriter**—May be Merrill Lynch, Pierce, Fenner & Smith.

South Coast Corp.
Oct. 27 it was reported that the company is planning some long-term financing. **Proceeds** — To replace an interim loan obtained in connection with the purchase of properties from Gulf States Land & Industries, and to retire approximately $1,200,000 of first mortgage 4¼% bonds due 1960. **Underwriter** — May be Hornblower & Weeks, New York.

Southeastern Fidelity Fire Insurance Co.
Aug. 26 it was announced that the company in all probability will offer additional common stock to its shareholders in the near future. **Proceeds**—To expand operations. **Office** — 197 Auburn Ave., N. E., Atlanta, Ga. **Underwriter**—None.

Southern Bell Telephone & Telegraph Co. (12/9)
Sept. 22 directors authorized the issuance of $70,000,000 of 35-year debentures to be dated Dec. 1, 1958. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received on or about Dec. 9. **Registration**—Expected in mid-November.

Southwestern Bell Telephone Co.
July 10 it was announced Missouri Public Service Commission authorized the company to issue $110,000,000 of 35-year debentures. **Proceeds** — To refund outstanding $100,000,000 4¾% debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Offering**—Has been postponed. Bids had been expected about Sept. 30, 1958.

Texas Power & Light Co. (12/16)
Oct. 20 it was reported that the company plans to issue and sell $12,500,000 of first mortgage bonds due 1988. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); White, Weld & Co.; Lehman Brothers. **Registration** — Tentatively planned for Nov. 21. **Bids**—Expected to be received on Dec. 16.

● **T. I. M. E. Inc. (12/2)**
Oct. 27 it was reported that an offering of 260,000 shares of common stock (par $2) is planned, of which 125,000 shares will be for account of company. **Proceeds**—To retire equipment purchase obligations and for general corporate purposes. **Business**—Trucking concern. **Underwriter**—Blyth & Co., Inc., New York and San Francisco, Calif.

Union Electric Co., St. Louis, Mo.
March 28 it was announced company plans to market about $30,000,000 of common stock in the latter part of this year or in the first quarter of 1959, but this financing may be put off until June, 1959. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith.

United States Freight Co. (12/1)
Nov. 4 it was announced company plans to offer to stockholders the right to subscribe for 150,000 additional shares of capital stock. It is planned that the offering will begin about Dec. 1 and expire about Dec. 15. **Price**—Expected to be below the market price at the time of the offering. **Proceeds**—To repay conditional sale contracts for piggyback equipment and acquisition of additional equipment. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, New York.

Universal Oil Products Co.
Aug. 13 it was reported that an issue of common stock will soon be offered to the public, the proceeds of which may run between $50,000,000 and $60,000,000. Approval of the transaction rests with the New York State Supreme Court (expected within two months). **Proceeds**—To the Petroleum Research Fund of the American Chemical Society. **Underwriters**—Expected to be Lehman Brothers, Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Smith, all of New York. **Offering**—Expected in November.

Upjohn Co., Kalamazoo, Mich.
Oct. 28 it was announced that a public offering of stock of this company will be made following reincorporation in State of Delaware and 25-for-1 stock split. **Proceeds**—To selling stockholders. **Underwriter**—Morgan Stanley & Co., New York.

Valley National Bank, Phoenix, Ariz.
Oct. 31 common stockholders were given the right to subscribe for an additional 101,933 shares of common stock (par $5) at the rate of one new share for each 15 shares held of record Oct. 30, 1958; rights to expire on Nov. 21. **Price**—$35 per share. **Underwriters**—William R. Staats & Co. and Blyth & Co., Inc., both of Los Angeles, Calif.

Venezuela (Government of)
July 1 the Government announced that Kuhn, Loeb & Co. and Kidder, Peabody & Co., both of New York, have been selected as financial advisors to develop a financial program for the country. As a first step in the program a short-term credit is being negotiated between the government in cooperation with the two investment banking firms and a syndicate of commercial banks in the United States, Canada and the United Kingdom. The three institutions which are to head this syndicate are The Chase Manhattan Bank, The First National City Bank of New York, and Bank of America National Trust & Savings Association. The Chase Manhattan Bank will be the fiscal agent for the credit. The amount of the new financing involved is in the neighborhood of $250,000,000. The purpose is to restore government balances which have been reduced by the repayment of excessive short term obligations previously incurred.

Virginian Ry.
Aug. 26 the directors approved a proposal to exchange 2,795,500 shares of 6% cumulative preferred stock (par $10) for $32,148,250 new 6% subordinated income sinking fund debentures to mature Aug. 1, 2008 on the basis of $11.50 principal amount of debentures for each preferred share. Offer will begin on Nov. 17 and expire on Jan. 16. **Dealer-Manager**—Harriman Ripley & Co. Inc., New York.

Vita Food Products, Inc.
Nov. 3 it was reported that the company plans to issue 15,000 shares of common stock. **Proceeds** — To acquire Mother's Food Products, Inc. **Underwriter**—Granbery, Marache & Co., New York.

Wisconsin Power & Light Co.
March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Offering**—Not expected until late in 1958 or early in 1959.

Worcester Gas Light Co.
Aug. 18 it was reported that the company plans the sale of $5,000,000 first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Indications of Current Business Activity

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

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Nov. 16	§75.2	74.5	74.2	77.7
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 16	§2,029,000	2,011,000	2,003,000	1,990,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 31	6,911,385	6,918,635	7,013,585	6,711,635
Crude runs to stills—daily average (bbls.)	Oct. 31	‖7,752,000	7,753,000	7,507,000	7,580,000
Gasoline output (bbls.)	Oct. 31	27,400,000	27,546,000	26,563,000	27,024,000
Kerosene output (bbls.)	Oct. 31	2,144,000	2,523,000	1,730,000	1,902,000
Distillate fuel oil output (bbls.)	Oct. 31	13,039,000	12,071,000	12,276,000	12,077,000
Residual fuel oil output (bbls.)	Oct. 31	7,123,000	7,227,000	6,709,000	7,354,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 31	168,476,000	168,350,000	172,582,000	181,410,000
Kerosene (bbls.) at	Oct. 31	32,374,000	31,883,000	31,317,000	34,264,000
Distillate fuel oil (bbls.) at	Oct. 31	166,414,000	163,916,000	156,528,000	175,129,000
Residual fuel oil (bbls.) at	Oct. 31	67,580,000	67,854,000	68,742,000	59,343,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 1	674,477	674,264	677,016	713,994
Revenue freight received from connections (no. of cars)	Nov. 1	556,584	568,741	572,109	590,734
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 6	$221,470,000	$272,924,000	$353,104,000	$147,911,000
Private construction	Nov. 6	73,961,000	105,881,000	125,193,000	77,323,000
Public construction	Nov. 6	147,509,000	167,043,000	227,911,000	70,588,000
State and municipal	Nov. 6	125,419,000	146,820,000	184,271,000	58,622,000
Federal	Nov. 6	22,090,000	20,223,000	43,640,000	11,966,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 1	8,575,000	8,460,000	8,435,000	9,866,000
Pennsylvania anthracite (tons)	Nov. 1	386,000	414,000	486,000	432,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 1	137	140	145	130
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 8	12,311,000	12,330,000	12,067,000	11,914,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 6	331	299	271	266
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 4	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Nov. 4	$66.41	$66.41	$66.41	$66.42
Scrap steel (per gross ton)	Nov. 4	$42.83	$42.50	$42.83	$33.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 5	28.625c	28.800c	26.150c	26.125c
Export refinery at	Nov. 5	30.975c	30.025c	26.150c	23.325c
Lead (New York) at	Nov. 5	13.000c	13.000c	12.000c	13.500c
Lead (St. Louis) at	Nov. 5	12.800c	12.800c	11.800c	13.300c
‡Zinc (delivered) at	Nov. 5	11.500c	11.500c	11.000c	10.500c
Zinc (East St. Louis) at	Nov. 5	11.000c	11.000c	10.500c	10.000c
Aluminum (primary pig. 99%) at	Nov. 5	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Nov. 5	97.875c	97.375c	96.875c	89.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 11	87.90	87.92	89.55	87.63
Average corporate	Nov. 11	90.06	89.92	89.78	88.81
Aaa	Nov. 11	94.56	94.26	94.41	94.26
Aa	Nov. 11	92.93	92.93	92.79	91.77
A	Nov. 11	89.37	89.64	89.64	88.81
Baa	Nov. 11	83.79	83.53	82.90	81.05
Railroad Group	Nov. 11	87.99	87.86	87.72	87.05
Public Utilities Group	Nov. 11	89.78	89.64	89.23	88.67
Industrials Group	Nov. 11	92.35	92.35	92.35	90.48
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 11	3.62	3.62	3.46	3.58
Average corporate	Nov. 11	4.41	4.42	4.43	4.50
Aaa	Nov. 11	4.10	4.12	4.11	4.12
Aa	Nov. 11	4.21	4.21	4.22	4.29
A	Nov. 11	4.46	4.44	4.44	4.50
Baa	Nov. 11	4.88	4.90	4.95	5.10
Railroad Group	Nov. 11	4.56	4.57	4.58	4.63
Public Utilities Group	Nov. 11	4.43	4.44	4.47	4.51
Industrials Group	Nov. 11	4.25	4.25	4.25	4.38
MOODY'S COMMODITY INDEX	Nov. 11	396.4	392.9	387.6	383.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 1	324,112	291,364	373,237	358,296
Production (tons)	Nov. 1	317,807	304,776	308,845	292,063
Percentage of activity	Nov. 1	95	94	95	94
Unfilled orders (tons) at end of period	Nov. 1	427,573	421,384	482,780	481,299
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Nov. 7	109.27	108.97	108.79	109.55
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 18	3,633,670	2,542,650	2,390,110	1,703,110
Short sales	Oct. 18	782,800	510,350	523,380	414,360
Other sales	Oct. 18	2,798,190	1,899,500	1,852,430	1,463,990
Total sales	Oct. 18	3,580,990	2,409,850	2,375,810	1,878,350
Other transactions initiated on the floor—					
Total purchases	Oct. 18	1,034,720	671,710	614,480	323,270
Short sales	Oct. 18	96,200	43,800	49,000	93,100
Other sales	Oct. 18	1,030,670	691,550	528,180	313,170
Total sales	Oct. 18	1,126,870	735,350	577,180	406,270
Other transactions initiated off the floor—					
Total purchases	Oct. 18	1,306,790	505,390	815,470	576,645
Short sales	Oct. 18	196,330	186,090	148,410	116,360
Other sales	Oct. 18	1,407,890	1,141,580	983,360	574,937
Total sales	Oct. 18	1,604,220	1,327,670	1,131,770	691,297
Total round-lot transactions for account of members—					
Total purchases	Oct. 18	5,975,180	4,119,750	3,820,060	2,603,025
Short sales	Oct. 18	1,075,330	740,240	720,790	623,820
Other sales	Oct. 18	5,236,750	3,732,630	3,303,970	2,352,097
Total sales	Oct. 18	6,312,080	4,472,870	4,084,760	2,975,917
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 18	1,579,985	2,140,798	1,515,446	1,791,226
Dollar value	Oct. 18	$73,873,406	$104,351,503	$72,896,620	$73,447,547
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 18	1,649,516	2,162,292	1,633,505	1,144,528
Customers' short sales	Oct. 18	10,673	8,473	6,092	30,134
Customers' other sales	Oct. 18	1,638,843	2,153,819	1,627,413	1,114,394
Dollar value	Oct. 18	$78,194,301	$101,053,962	$74,081,521	$49,034,626
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 18	576,230	681,860	567,610	209,830
Short sales	Oct. 18				
Other sales	Oct. 18	576,230	681,860	567,610	209,830
Round-lot purchases by dealers—					
Number of shares	Oct. 18	512,170	646,800	461,570	837,240
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Oct. 18	1,354,310	902,850	844,630	961,750
Other sales	Oct. 18	24,810,340	19,287,560	18,003,370	13,242,310
Total sales	Oct. 18	26,164,650	20,190,410	18,848,000	14,204,060
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 4	118.7	*118.6	118.8	117.5
Farm products	Nov. 4	91.4	*90.9	92.1	90.5
Processed foods	Nov. 4	109.8	*109.6	110.3	105.1
Meats	Nov. 4	104.2	103.8	105.4	50.1
All commodities other than farm and foods	Nov. 4	126.2	126.1	126.1	125.6

*Revised figure. ‖Includes 959,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of September:			
New England	$27,526,300	$22,667,711	$32,099,089
Middle Atlantic	109,842,861	148,524,868	76,106,620
South Atlantic	42,192,498	39,559,602	53,242,014
East Central	104,068,383	122,034,982	122,725,740
South Central	115,980,207	110,880,048	81,057,915
West Central	44,101,927	40,918,850	42,319,363
Mountain	23,985,481	32,254,320	21,817,951
Pacific	117,683,636	118,482,908	95,006,056
Total United States	$585,381,293	$635,323,289	$524,374,748
New York City	53,445,172	103,987,432	44,690,851
Outside New York City	531,936,121	531,335,857	479,683,897
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of October (000's omitted):			
Total U. S. construction	$1,621,272	$1,348,121	$1,699,872
Private construction	613,073	409,106	866,630
Public construction	1,008,199	939,015	833,242
State and municipal	823,177	809,160	703,356
Federal	185,022	129,855	129,886
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate terms credit in millions as of Sept. 30:			
Total consumer credit	$43,238	$43,217	$43,270
Instalment credit	33,158	33,232	33,415
Automobile	14,444	14,625	15,556
Other consumer goods	8,344	8,280	8,228
Repairs and modernization loans	1,998	1,980	1,969
Personal loans	8,372	8,347	7,662
Noninstalment credit	10,080	9,985	9,855
Single payment loans	3,639	3,603	3,493
Charge accounts	4,003	3,937	3,942
Service credit	2,438	2,445	2,420
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of September:			
Cotton Seed—			
Received at mills (tons)	482,208	304,504	504,250
Crushed (tons)	306,751	147,634	346,062
Stocks (tons) Sept. 30	506,842	331,385	418,191
Crude Oil—			
Stocks (pounds) Sept. 30	49,061,000	33,025,000	64,027,000
Produced (pounds)	96,315,000	48,12[illegible]	[illegible],715,000
Shipped (pounds)	76,745,000	50,414,000	60,506,000
Refined Oil—			
Stocks (pounds) Sept. 30	72,268,000	94,564,000	61,569,000
Produced (pounds)	70,434,000	47,929,000	75,529,000
Consumption (pounds)	96,931,000	91,901,000	94,429,000
Cake and Meal—			
Stocks (tons) Sept. 30	71,215	78,441	209,213
Produced (tons)	135,067	69,370	166,582
Shipped (tons)	142,293	103,404	166,925
Hulls—			
Stocks (tons) Sept. 30	90,426	86,947	50,065
Produced (tons)	66,441	36,078	76,115
Shipped (tons)	62,962	46,453	71,389
Linters (running bales)—			
Stocks Sept. 30	219,140	230,548	196,334
Produced	94,348	42,609	107,384
Shipped	105,756	131,451	73,188
Hull Fiber (1,000-lb. bales)—			
Stocks Sept. 30	247	(a)	991
Produced	673	215	987
Shipped	(a)	(a)	585
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Sept. 30	2,980	3,279	999
Produced	792	432	720
Shipped	1,091	864	427
(a) Not shown to avoid disclosure of figures for individual companies.			
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of September:			
All manufacturing (production workers)	11,895,000	*11,649,000	12,993,000
Durable goods	6,531,000	*6,342,000	7,414,000
Nondurable goods	5,364,000	*5,307,000	5,579,000
Employment indexes (1947-49 Avge.=100)—			
All manufacturing	96.2	94.2	105.0
Payroll indexes (1947-49 Average=100)—			
All manufacturing	154.7	*150.1	164.7
Estimated number of employees in manufacturing industries—			
All manufacturing	15,692,000	*15,453,000	16,903,000
Durable goods	8,758,000	*8,566,000	9,734,000
Nondurable goods	6,934,000	*6,887,000	*7,169,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914=100—As of Sept. 15:			
All farm products	258	251	245
Crops	232	225	227
Commercial vegetables, fresh	183	181	211
Cotton	292	281	279
Feed, grains and hay	160	163	163
Food grains	195	190	217
Fruit	280	239	194
Oil-bearing crops	220	232	244
Potatoes	129	142	159
Tobacco	482	483	484
Livestock	280	275	260
Dairy products	264	255	272
Meat animals	339	338	291
Poultry and eggs	174	166	175
Wool	207	210	288
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of August (000's omitted):			
Savings and loan associations	$995,170	$986,186	$883,097
Insurance companies	129,859	124,950	132,379
Banks and trust companies	475,771	491,460	378,221
Mutual savings banks	169,183	164,662	136,769
Individuals	292,227	308,132	310,316
Miscellaneous lending institutions	472,411	467,372	367,677
Total	$2,534,621	$2,542,762	$2,208,459
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of September:			
Net sales			
Net purchases	$10,613,900	$19,127,900	$10,330,300
U. S. GOVT. STATUTORY DEBT LIMITATION—As of Sept. 30 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$280,000,000	$275,000,000
Outstanding—			
Total gross public debt	276,665,905	278,475,523	274,411,983
Guaranteed obligations not owned by the Treasury	117,839	108,478	114,563
Total gross public debt and guaranteed obligations	$276,783,745	$278,584,011	$274,526,547
Deduct—other outstanding public debt obligations not subject to debt limitation	427,362	428,269	441,812
Grand total outstanding	$276,356,382	$278,155,742	$274,084,734
Balance face amount of obligations, issuable under above authority	11,643,617	1,844,257	915,265

Our Reporter's Report

The Treasury's decision to finance its immediate cash needs through the sale of short - term bills was of little help to the investment market generally from a standpoint of promoting stability. On the contrary, it tended to suggest that even the top - flight monetary authorities are gun-shy at the moment.

And if that's the case with those whose job it is to raise funds, it seems to be doubly so with those who are charged with the responsibility of investing "other people's money."

The latter, judging from their conversations, are really in a quandary. They find the spectre of "inflation" as their chief concern. Trying to figure out how to invest funds put into their keeping is causing many sleepless nights.

There is no way of telling just where the current credit bulge will level off and how long it would endure. In the circumstances, however, those who handle the portfolios of trusts and pension funds among other institutions certainly have their work cut out for them.

As an added fly in the ointment, the overwhelming victory of the Democrats in the national elections, giving them a top-heavy grip on both houses, adds to the woes of people with funds to invest.

It raises the question again of whether we face another period of really aggressive Federal spending and deficit financing, things which do not sit well with fixed-term investors.

Face Real Poser

Investment banking syndicates preparing to bid for Pacific Telephone & Telegraph Corp.'s $80 million of new debentures next Tuesday will be up against a real problem. There is no question that they will be seeking to do a realistic job on this one.

The market has not been in a receptive mood since the Cincinnati & Suburban Company brought out its issue several weeks ago. In the meantime there has been some backing up of new offerings.

Groups which brought out the Puget Sound Power & Light Co.'s recent debenture issue and also that of Columbia Gas Systems, are still striving to work off remaining balances of those issues.

The Week Ahead

If it weren't for several equity offerings being made on "rights," the approaching week would be a rather dull period for underwriters and dealers. Once the Pacific Telephone debentures are out of the way, things flatten out.

But filling in the gaps are Kentucky Utilities Co.'s rights offer of 206,446 shares to its stockholders set for Monday, followed by General Public Service Co.'s rights offering involving 2,478,264 shares of common stock on Tuesday.

Sandwiched in between is State Loan & Finance Corp.'s offering, by the negotiated route, of $10 million of debentures due on Tuesday.

World Bank Loan

Disturbed conditions marketwise do not appear to exert any restraining influence on the World Bank and tax exempt borrowers, judging by the pace of operations of these facets of the market.

The World Bank will be in the market with an offering of $100 million of 15-year, 4½% bonds next week, it was announced by Eugene R. Black, President.

Meantime the pace of tax exempt flotations is running at an average annual rate of some $7.8 billion, the Investment Bankers Association of America reports, against a $7 billion total last year.

Amott, Baker Appoints Lund & Levian

Amott, Baker & Co., Inc., 150 Broadway, New York City, members of the New York Stock Exchange, announce that Anthon H. Lund has been elected a Vice-President and director and Allan H. Levian (a director and formerly Assistant Secretary) has been elected Secretary for the corporation.

Mr. Lund is an attorney and has been with the corporation as Manager of its Syndicate Department since June 1957. Previously, he has had extensive experience in the securities field. He was, from 1933 to 1955 with the Securities and Exchange Commission; the last 12 years as Associate Director or Director of the Trading and Exchange Division. During 1954 and 1955 he served the State Department in Yugoslavia appraising American business properties that had been seized by the Yugoslav Government. After leaving the government service and just prior to joining Amott, Baker & Co., Mr. Lund was associated with the Underwriting Department of Carl M. Loeb, Rhodes & Co.

Mr. Lund's duties as Vice-President will include continued supervision of the Syndicate Department and general administrative work.

Mr. Levian has been with the corporation since 1942. He has had extensive experience in the real estate securities field, both before and since joining Amott, Baker & Co., is a licensed real estate broker in New York, a member of the Real Estate Board of New York, a member of the National Association of Real Estate Boards and a member of the New York State Society of Real Estate Appraisers.

Mr. Levian will continue to supervise the real estate activities of the corporation in addition to his other administrative duties.

Amott, Baker & Co. has its principal office in New York City and maintains four branch offices in Philadelphia, Detroit, Washington, D. C. and Waterbury, Conn.

With Emanuel, Deetjen

Emanuel, Deetjen & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announced that J. Paul Lynch is now associated with their firm.

Illinois Central RR. Equipments Offered

Halsey, Stuart & Co. Inc. and associates are offering today (Nov. 13) an issue of $2,610,000 Illinois Central RR. 4⅛% equipment trust certificates, maturing semi-annually June 1, 1959 to Dec. 1, 1973, inclusive.

The certificates are scaled to yield from 3.25% to 4.30%, according to maturity. Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The issue is to be secured by 20 diesel-electric road switching locomotives estimated to cost $3,508,980.

Associates in the offering are: R. W. Pressprich & Co.; Freeman & Co.; and McMaster Hutchinson & Co.

DIVIDEND NOTICES

J. I. Case Company
(Incorporated)

Racine, Wis., November 10, 1958

A dividend of $1.75 per share on the 7% Preferred stock and 11.375 cents per share on the 6½% Second Preferred stock of this Company has been declared payable January 2, 1959 to holders of record at the close of business December 12, 1958.

L. T. NEWMAN, Secretary.

BRILLO MANUFACTURING COMPANY, INC.

Dividend No. 115

A Dividend No. 115 of Fifty Cents ($.50) on the Common Stock has been declared, payable January 2, 1959, to stockholders of record December 15, 1958.

M. B. LOEB, President

Brooklyn, N. Y.

DREWRYS

A quarterly dividend of forty (40) cents per share for the fourth quarter of 1958 has been declared on the common stock, payable December 10, 1958 to stockholders of record at the close of business on November 24, 1958.

Drewrys Limited U. S. A. Inc.
South Bend, Indiana
T. E. JEANNERET,
Secretary and Treasurer

THE DAYTON POWER AND LIGHT COMPANY
DAYTON, OHIO

145th Common Dividend

The Board of Directors has declared a regular quarterly dividend of 60c per share on the Common Stock of the Company, payable on December 1, 1958 to stockholders of record at the close of business on November 18, 1958.

GEORGE SELLERS, Secretary

November 7, 1958

ALLIS-CHALMERS MFG. CO.

COMMON DIVIDEND No. 138

A quarterly dividend of twenty-five cents (25c) per share on the common stock of this Company has been declared payable December 22, 1958 to shareholders of record at the close of business November 26, 1958.

4.08% PREFERRED DIVIDEND No. 18

A regular quarterly dividend of one dollar and two cents ($1.02) per share on the 4.08% Cumulative Convertible Preferred Stock of this Company has been declared, payable December 5, 1958 to shareholders of record at the close of business November 21, 1958.

Transfer books will not be closed.

A. D. Dennis,
Secretary

November 5, 1958

DIVIDEND NOTICES

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

148th DIVIDEND DECLARATION

The Board of Directors of this company today declared a cash dividend of Fifty Cents (50¢) a share on the capital stock. This cash dividend will be paid December 22, 1958 to stockholders of record at the close of business December 1, 1958.

A K Hatfield
Treasurer

November 4, 1958

PHELPS DODGE CORPORATION

The Board of Directors has declared a fourth-quarter dividend of Seventy-five Cents (75¢) per share on the capital stock of this Corporation, payable December 10, 1958 to stockholders of record November 19, 1958, making total dividends declared in 1958 of three dollars ($3.00) per $12.50 par value share.

M. W. URQUHART,
Treasurer.

November 6, 1958

SEABOARD

COMMON STOCK DIVIDEND
95th Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Company declared a regular quarterly dividend of 25 cents a share on Common Stock, Payable January 10, 1959, to stockholders of record December 18, 1958.

PREFERRED STOCK DIVIDEND

The directors also declared regular quarterly dividends of $1.18¾ on the $4.75 Sinking Fund Preferred Stock; $1.25 on the $5.00 Sinking Fund Preferred Stock, $1.25 on the $5.00 Convertible Preferred Stock, Series A and B, all payable January 10, 1959, to stockholders of record December 18, 1958.

EDWARD L. JOHNSON,
October 22, 1958 Secretary

DIVIDEND NOTICES

acf INDUSTRIES, INCORPORATED

Common Dividend No. 156

A dividend of 62½¢ per share on the common stock of this Corporation has been declared payable December 15, 1958, to stockholders of record at close of business November 28, 1958.

C. ALLAN FEE,
Vice President and Secretary

November 6, 1958

DIVIDEND NOTICES

AMERICAN CEMENT CORPORATION

DIVIDEND NOTICE

The Board of Directors has this day declared a quarterly dividend of 25¢ per share on the Common Stock, payable January 2, 1959, to shareholders of record December 12, 1958, and a regular quarterly dividend of 37½ cents on the $25 par value Cumulative Preferred Stock, payable February 2, 1959, to shareholders of record January 16, 1959.

J. H. ASMANN
Vice President & Treasurer

November 5, 1958

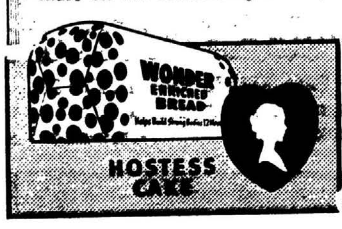
CONTINENTAL BAKING COMPANY

Preferred Dividend No. 80

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable January 1, 1959, to stockholders of record at the close of business December 5, 1958.

Common Dividend No. 55

The Board of Directors has declared this day a regular quarterly dividend, for the fourth quarter of the year 1958, of 55¢ per share on the outstanding Common Stock, payable December 23, 1958, to holders of record of such stock at the close of business December 5, 1958.



The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

November 12, 1958

Washington . . . And You

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

WASHINGTON, D. C. — The life insurance business is continuing its phenomenal growth. It is in a prosperous condition and appears likely to remain so for some time, but it faces a serious Federal tax problem.

Records of the Institute of Life Insurance show that at the end of 1950 there were 651 life insurance companies in the United States, but by the middle of last year the number had increased to 1,246. There were 300 cities in which home offices of life companies were located.

Dallas, with 135 home offices located there, led all cities by far. The organization of companies in Texas has been little short of sensational since the end of World War II. As a result, big, bustling Houston, with more than 1,000,000 people, ranked No. 2 in the country with 64, and Fort Worth was tied with New Orleans for third place with 39 home offices. Chicago and Philadelphia each had 26, and New York 22.

Life insurance companies down through the years have paid income taxes from their invested earnings. Yet, there has been pro and con debate in Congress whether the companies have paid their share.

Hearings Approach

Chairman Wilbur D. Mills of the House Ways and Means Committee will start hearings Monday (Nov. 17) on life insurance taxation. It appears certain that taxation will be increased. The question is: how much? And what will it be on stock companies and what will the rate be on mutual companies. The big question before Congress is a matter of devising an equitable formula.

The companies are expecting "a reasonable increase," in taxation, but they will oppose a sharp increase. Of the 1,346 companies in the United States in 1957, there were 1,081 (87%) stock companies, and 165, or 13% mutual companies.

By the very nature of its functions, the life insurance business is quite complex. The stock and mutual companies have debated the question of a proper tax formula, but they have not been in agreement on the question of the tax burden.

The Mills Subcommittee will make further inquiry into the income tax formula. The hearings will, among other things, involve what is known as the total income formula. This is a combination of premium and investment income. The committeemen may also consider a compromise of the two as the basis for the tax bill.

Department of Treasury officials and the House Ways and Means Committee have been working with officials of life insurance companies in an effort to arrive at a formula that would apply equitably and fairly to policyholders of mutual and stock companies and to the various companies. It has been tough, but there is hope and belief that it will be worked out.

The Treasury Department is badly in need of every dollar it can get to pay off the obligations approved by Congress. Therefore, it is working in close cooperation with the House Committee. Secretary Anderson is scheduled to appear before the committee to give the department's official position.

From $290 to $470 Million?

The last available figures show that the life insurance companies paid $290,000,000 in taxes during the last fiscal year. Unless Congress approves a new tax formula, the so-called Mills law would expire and the companies would be taxed under a 1942 law which would jump the tax bill approximately $470,000,000.

"While the companies do expect a reasonable tax bill," said an official of the Institute of Life Insurance, "they certainly hope that it will not double."

Life insurance ownership in this country passed the half trillion mark last year. American families bought a record amount of new life insurance. The $67 billion bought from the life companies was one-fifth more than the previous year and three times the total 10 years ago. The companies have come up with newly wrapped packages and merchandising plans, like the family plan policy, covering all members in a single policy. This has proved popular.

Coverage Doubled

From an investment standpoint, life insurance is not regarded as a good buy on today's market due to the inflationary conditions and threatened inflation in the immediate years ahead. Nevertheless, the people who are investing want coverage for their families. A total of 109,000,000 American life insurance policyholders had some kind of protection in 1957. The average life insurance ownership per family rose from $7,600 to $8,300 in the year. This was twice the average family protection 10 years ago.

Under the Constitution all tax measures must originate in the House of Representatives and the proper place is the House Ways and Means Committee. The committee is set to consider all phases and angles of the insurance companies in reaching a tax formula.

Need Equitable Formula

However, a mighty howl will arise from the policyholders if Congress should come up with a formula that is not fair and equitable to stock and mutual companies alike. Of course, this is not simple. If the stock companies seek to have a greater share of the burden shifted to the mutual companies, or vice versa, the insurance companies will be hurt in the long run.

Certainly there is acute need for a stable formula that can be depended upon year after year for the companies to compute their taxes. The need to know where they stand, and how much to put aside for taxes, just like the cement company or the shoe factory.

Under Antitrust-Scrutiny

In August Senator Joseph C. O'Mahoney, Democrat of Wyoming, began a long series of hearings on life insurance, accident and health, aviation and ocean marine, among others. The primary purpose of his Senate Antitrust Subcommittee was to determine whether state supervision of the insurance business is adequate and sufficient under today's conditions and whether or not there had been monopolistic tendencies.

The Subcommittee will make further inquiries into the various types of insurance. Under the present laws the various states have certain prerogatives in regulating insurance companies.

However, because of the rapid growth of insurance companies since World War II has lead the Senator to believe there now exists a "no man's land" where there is a lack of adequate state and Federal regulation.

During the hearings in August the O'Mahoney antitrust Subcommittee developed what appeared to it to be monopolistic tendencies in aviation underwriting and aviation travel insurance. At one time there were three pools of insurance underwriting, but it has been reduced to two.

The Subcommittee expects to resume its hearings on ocean marine insurance this month. Then it will become concerned with the mail order insurance, accident and health insurance, and finally next spring it will start probing the life insurance companies.

Unless the schedule is changed, the 1959 inquiry into the life companies will involve the size and growth and investment practices of the companies. The companies have more than $100 billion invested.

Investment Control

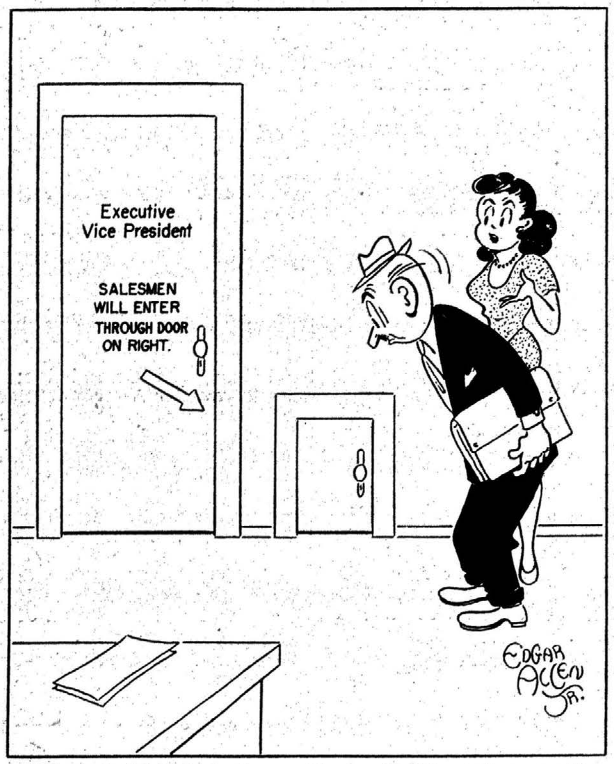
The investment ramifications are expected to involve local, state and Federal investments in securities, and mortgages on homes, office buildings, factories, farms, etc. Another angle is expected to involve the question of "influence." The Subcommittee wants to find out if the companies, through these many billions of investments, are exercising any controls over other segments of the economy and business generally.

Life companies are limited to investing only a small percent off their funds, in comparison to their total assets, in equities or common stock. Therefore, they probably would have no difficulty of showing that they do not exercise control over any large company that issues stock.

The net rate of interest earned by the life companies on invested assets in 1957 was 3.75% before Federal taxes. The two largest areas of new investment were corporate securities and mortgages.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"I'm afraid he's not exactly partial to salesmen."

Business Man's Bookshelf

Assignment of Income — Don J. Summa—Tax Practitioners' Library—Ronald Press Company, 15 East 26th Street, New York 10, N. Y., $10.00.

Automobile Facts and Figures: 1958 Edition—Automobile Manufacturers Association, New Center Building, Detroit 2, Mich. —paper.

British Government Publications for September, 1958 — British Information Service, 45 Rockefeller Plaza, New York 20, N. Y. (annual subscription), 45 cents.

Business and Specialized Publications of Great Britain—Directory of British Trade Publications—British Information Services, 45 Rockefeller Plaza, New York 20, N. Y.—paper.

Can Information Be Controlled? — Harold G. Moulton — Anderson - Kramer Associates, Inc., 1722 H Street, N. W., Washington 6, D. C. (cloth), $4.95.

Czechoslovakia Economic News Service—Monthly publication of economic developments — Press Service, Economic News Service, Ul. 28, rijna No. 13, Prague 1, Czechoslovakia, $3.00 per year.

Debt Servicing Capacity and Postwar Growth In International Indebtedness—Dragoslav Avramovic—International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C.—$5.

Demand for Currency Relative to Total Money Supply — Phillip Cagan—National Bureau of Economic Research, Inc., 261 Madison Avenue, New York 16, N. Y. (paper), 75 cents.

Freeman, November 1958 with articles on Regulatory Taxation, Nature of Socialistic Disaster; How to Increase Tax Revenue; Myth of Federal Aid; Nature's Laws and Man's Laws; What Right to Strike?; etc.—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. —paper—50c.

Investment Companies—A Bibliography — Business Literature, Public Library of Newark, New Jersey, Business Library, 34 Commerce Street, Newark, N. J. (paper), 25 cents.

Meeting California's Water Needs —Dewey Anderson—Public Affairs Institute, 312 Pennsylvania Avenue, Southeast, Washington 3, D. C., 25¢.

Raw Materials: A Study of American Policy—Percy W. Bidwell —Council on Foreign Relations, 58 East 68th Street, New York 21, N. Y.—$5.95.