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EDITORIAL

As We See It

Nikita Khrushchev has borrowed a leaf from the political notebook of Franklin Roosevelt and sent the world into a dither with a brightly tinted picture of the Soviet Union's future. He has done more than that. He has laid out a program in charts and figures which in the form of a "seven year plan" sets forth what is to be done to beat out the rest of the world in economic and social progress "in our generation." So "bold" are the forecasts of the Kremlin's boss that they led Harry Schwarz, the New York "Times" authority on Russia, to say in last Sunday's issue of that newspaper that "if the targets outlined by him for 1965 and 1970 are actually attained on schedule, then in the next decade or so the Communist world will clearly have won the economic competition with the West and, quite possibly, the political and propaganda contest for the allegiance of the uncommitted under-developed nations of Asia, Africa, and Latin America as well."

Of course, the figures cited by the Soviet leader are nothing more than figures at the present time, and Mr. Schwarz takes pains to point out that they may never be more than a collection of grandiose dreams—at least within the time periods laid down by their author. They offer a very untrustworthy guide to the future, but even a fairly near approach to such Herculean achievements might well have world-wide repercussions. Were this nothing more than a really friendly rivalry in the field of economics, we could and would wish the people of Russia the best of luck with their plans—and really rejoice in the good fortune that would have come to them. The trouble — if there really is any — is the world-

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A Program to Strengthen Private Mortgage Market

By DR. RAYMOND J. SAULNIER*

Chairman, Council of Economic Advisers

President Eisenhower's chief economist favors ending FHA-VA interest rate ceiling, removing Fannie Mae mandatory purchases of government insured mortgages at par, and revising government's direct lending program to veterans in areas where mortgages are difficult to get through private sources. These recommendations are part of Dr. Saulnier's analysis of policies to help stabilize the home building industry and strengthen the private mortgage market. Stress is placed on eliminating those provisions that tend to impede the private flow of funds into home financing, and to cause public funds to be substituted for private credit.

I want to discuss very briefly what I regard as the two major current problems affecting the housing and home financing industries, and to make a few suggestions as to ways of finding solutions to them. And it is enormously important that we find solutions to them. To the extent that we do so, we will benefit home-owners, builders, mortgage investors and our economy generally. And we will render a very great service to our nation's taxpayers. What public-minded citizen could fail to feel an excitement of interest in such a prospect?

Dr. R. J. Saulnier

Depicts Two Problems

The two problems that I have in mind are, first, the relative instability of the level of home building activity and the changeableness of conditions in the home mortgage markets and, second, the temptation that

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*An address by Dr. Saulnier before the 45th Annual Convention of the Mortgage Bankers Association, Chicago, Ill., Nov. 3, 1958.

The American Economy—Problems and Prospects

By DR. SUMNER H. SLICHTER

Lamont University Professor, Harvard University

The perversity of inflation to attract more opponents to inflation than sufferers, to contribute less suffering and injustice than would result from forced attempts to force a stable price level, and to produce important technological progress and investment - growth opportunities which, in turn, induce price inflation, are discussed by Dr. Slichter. The economist envisions a boom in consumer durable goods beginning in 1959; names groups, and their practices, fostering inflation; and explains past and possible future course of inflation. Terms it paradoxical that almost nothing is done about inflation despite almost universal opposition to it.

I—Introduction and Summary

The following comments on the business outlook in the United States have been prepared for publication in Japanese by the Nihon Keizai Shimbun of Tokyo. American readers may find parts of the comments of interest. Up to now, the recovery of business, though considerable, has not reached important parts of the economy. The facts seem to justify a fairly optimistic view that the recovery can be financed, at least through 1958, without an undue expansion of bank credit—in spite of the large government deficit. But as corporations find increasing internal uses for their funds, the problem of financing the Federal deficit will become more acute.

Sumner H. Slichter

I have endeavored to provide a realistic discussion of the problem of inflation. The forces making for inflation are more formidable than seems generally to be appreciated. Of

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PICTURES IN THIS ISSUE: Candid photos taken at the Annual Beefsteak Party of the Security Traders Association of New York at Antelers Restaurant appear in today's Pictorial Section.

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

This Week's Forum Participants and Their Selections

HUBERT F. ATWATER
Wood, Walker & Co., New York City
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Chicago & Erie RR. 1st mtge. 5s 1982

A sale of these bonds took place on the New York Stock Exchange on Armistice Day at 96, indicating a yield to maturity of 5.30%. At this price, the bonds represent an advantageous purchase. Pricewise, this sale is 4½ points below the last previous sale and at no time since Jan. 1, 1941, had a sale been reported below 100.

Hubert F. Atwater

Naturally, a fixed interest non-callable issue will feel the influence of changes in interest rates and it is worth noting that in 1954, these bonds sold at 127¼, or at a price to yield 3.45%.

For the protection of his investment, the buyer has a closed first mortgage lien upon 250 miles of the Erie Railroad main line, plus the pledge of 20% of the stock of Chicago & West Indiana Railroad and 2,400 shares Belt Railroad of Chicago.

Chicago & Erie Railroad extends from Marion, Ohio to Hammond, Ind. and is now an integral part of the Erie System. These bonds, assumed by the Erie Railroad, came through the reorganization without impairment of principal or interest. When the Erie Railroad was refunding some of its debt at a coupon rate of 3¼% or less, it was unable to call this small issue of $12 million which had been outstanding since 1890.

For the investor who is not crushed to earth by income taxes, Chicago & Erie, 1st 5's offer a safe refuge for the investment of gains realized from the sale of stock which may have exceeded conservative expectation.

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Siegler Corp.

With the market constantly raising the multipliers of electronics stocks, it is a welcome relief to find an electronics company whose multiplier is not only realistic but actually conservative. While the company is also in the heating and special machinery fields, with 68% of its sales in electronics in the fiscal year ended 6/30/58, Siegler Corp. should be evaluated primarily as an electronics company.

The present management, which started less than four years ago with a company manufacturing space heaters with annual sales of $6.5 million, has through mergers and internal growth brought sales to $73 million largely in military and commercial electronics. The breakdown of the sales for fiscal year ending 6/30/58 was: Electronics 68%, heating and cooling equipment, 26%, and machinery and miscellaneous 6%; one-third of total sales were for the military.

Siegler's activities are conducted through 11 separate divisions. Below are described the activities of the main divisions:

(1) **Olympic Radio & Television Co.**: Makes, distributes and sells television, stereophonic and high fidelity radio-phonograph, tape recorder, and radio products, especially combinations of the preceding products. In fact, this division is the largest producer of 3-way combinations in the world.

In each of the past five years, Olympic has exceeded the previous year's sales and profits. Sales expanded from $12 million to $29 million and this progress is still continuing in the present fiscal year. During the past fiscal year, Olympic showed a 17.4% increase in domestic unit shipments of television sets over the previous fiscal year, despite an industry-wide slump of 13.3% for the same period. Export sales surged ahead 28%. To enable it to expand further, Olympic is contemplating the acquisition of 150,000 additional square feet of space.

In the field of military electronics, Olympic's activities have been primarily in the field of design, development and production of aeronautical navigational aids, meteorological radar and missile guidance instruments; but has recently expanded greatly its efforts in the design, development and production of recorders and recorder subsystems for the various defense networks and of major weapons systems. Olympic expects that its next major expansion will be in defense sales, as a result of many team bids with some of the largest electronics manufacturers in the country.

(2) **Hallamore Electronics Co.**: Mainly invents, designs, develops, produces and installs electronics control and test equipment, aircraft, missile and satellite electronic and electro-magnetic devices, and guidance systems in very highly classified defense fields, commercial and military closed-circuit and remote control television systems, telephone and other communication systems and parts.

Hallamore is probably the largest supplier of closed-circuit television systems to the military. Hallamore has very large and ever expanding stakes in numerous ballistic missile and satellite programs and projects. Hallamore designed, developed and built unique extreme range tracking and telemetry (communications) systems known as Microlock, installed at six tracking stations around the earth, which provided the only contact scientists here on earth had with the USAF Lunar Probe Vehicle fired this year. Microlock is a revolutionary advancement in the field of electronics which permits the receipt of static-free signals from a tiny radio transmitter weighing less than two pounds, from the moon, or even Mars or Venus. Without Microlock, the Lunar Probe Vehicles' launching rockets would have to be twice as large and weigh twice as much. The rising stature of Hallamore has caused it to be chosen by a number of the largest aircraft and missile producers to bid jointly with them, on contracts for ground support equipment and telemetry systems of major new missile programs.

Sales of Hallamore have increased about 1000% in the last four years.

I understand Hallamore has recently patented an item which, when production and operational bugs are ironed out, could by itself almost double sales of the entire Siegler Corp.

(3) **Siegler Heating Co.**: Invents, designs, develops and makes a complete line of vented oil and gas burning home space heaters used principally for the replacement market. This division currently accounts for 25% of total domestic vented space heater sales. Sales of Siegler Heating doubled in the past five years and profits have risen much faster. In fact, this division has always been one of the biggest money makers.

(4) **Holly-General Co.**: Develops and makes gas burning wall heaters, water heaters, floor furnaces, and central heating and/or air-conditioning units. Holly-General, which now accounts for 25% of the industry's wall heater output, in nine months to Sept. 30, 1958 showed a sales increase of 35% over same period of 1957. Sales for month of September were at a record high. However, October sales surpassed that record.

(5) **Bogen-Presto Co.**: Is best known for its high quality production of high fidelity and stereophonic sound, public address, intercommunication, professional recording, background music, disc and tape recorder and playback equipment and systems.

(6) **Hufford Corp.**: Designs, engineers and manufactures special machine tools which incorporate the principle of stretch-wrap forming of metals. Hufford is the world's largest manufacturer of stretch-wrap forming presses. Nearly all the companies in the aircraft and missiles industries have Hufford machines. Hufford also operates a custom stretch forming division for the trade.

Hufford has invented and developed an original machine concept and design, the Spin-Forge, which is able to handle parts heretofore considered impossible or impractical to manufacture in one piece, resulting in increased part strength and lower weight, of especial importance in the field of space technology to form and shape materials of higher strength and greater heat resistance than previously used for aircraft, missiles and satellites.

Hufford's growth pattern has been continuously upward, paralleled by increasing profits.

Other divisions design, develop and manufacture other items, including ground support and handling equipment for aircraft, guided missiles, materials and baggage.

After being charged with substantial non-recurring administrative expenses incurred in connection with the various mergers and with the sale of 320,000 shares of additional stock, earnings for fiscal year ending June 30, 1958 were 80¢ per share, in spite of the recession.

Siegler's financial condition, as of June 30, 1958, showed net working capital of $17.5 million and current assets of better than twice current liabilities. An additional increase in working capital in the near future may be over $2.5 million awarded Siegler by a U. S. District Court in a patent infringement judgment against the Coleman Co., Inc., which sum is now accumulating interest at 7% per annum until paid.

According to Mr. John G. Brooks, President, Siegler Corp. is adequately financed at present to do sales volume in excess of $100 million annually.

Siegler Corp. has substantial real estate holdings at book values

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The Economic Outlook

By RAYMOND RODGERS*
Professor of Banking, Graduate School of Business Administration, New York University, New York City

If anticipatory improvement materializes we should, Mr. Rodgers opines, equal previous record GNP high of 1957 next year and may exceed it by $30 billion in 1959 dollars. However, the economist hastens to add, fear of inflation may cause an unsustainable runaway boom and, thus, necessarily require active and aggressive credit restraints. He also weighs other basic weaknesses affecting our recovery in such areas as downtrend in exports and the labor employment situation.

The reversal in recent months of the downward trend in the American economy has given us one of the sharpest recoveries on record. This recovery has not only been dramatic, it is more broadly based and widely distributed than the 1955-57 upswing.

Dr. R. Rodgers

The boom in 1955 came primarily from a record-breaking automobile output of 7.9 million. And the boom of 1956-57 came basically from a record-breaking expansion in plant and equipment spending. In sharp contrast, the current recovery has, so far, not had any aid from the expansion of either capital goods spending or automobile spending. But now the government tells us that a modest improvement in capital goods spending can be expected. And any man in the automobile industry, or the sales-finance industry, can prove that 1959 is bound to be a better year than 1958 in automobiles! (Of course, it remains to be seen how much better!)

If capital goods spending improves as Washington anticipates, and automobile spending improves as everyone anticipates, we are heading for new records in the over-all economy in 1959. In fact, improvement in capital goods and automobiles added to the increases in defense outlays, housing construction, public works, especially road-building, and most other lines would bring us within the neighborhood of a $475 billion Gross National Output by Christmas 1959. In other words, in 1959 we will not only equal the previous record set in mid-1957, but may go as much as $30 billion (in 1959 dollars) beyond it!

Basis of the Recovery

What has caused this vigorous recovery in the face of the discouraging levels of business activity and widespread gloom which prevailed last spring and early summer? Whether we like it or not, we cannot deny the testimony of our own eyes; **Government intervention and anticipation of inflation, in part caused by that intervention, reversed the downward swing.** This is so important that it should be spelled out in some detail.

Faced with a decline in business activity as it was last winter, the Federal Government has three basic choices. The best choice, of course, is to increase the spendable income of individuals and corporations. This can be done in various ways, but by far the best way is by tax reduction, either individual or corporate — any place in the long line of production, distribution and consumption. Unhappily, this method was not adopted.

Another way is to increase the income of individuals by increasing the so-called transfer payments, such as social security and unemployment disbursements. This was done on a large scale as **transfer payments** rose from $21.5 billion in September 1957 to $27.2 billion in September of this year.

Still another way is to increase the income of individuals through wage and salary increases. This, too, was done. Federal pay increases of almost $1 billion at annual rate became effective in July. In addition, Federal employees received a lump sum retroactive payment of $380 million in July. And private industry payrolls went up about a billion on an annual basis in July, after an increase of nearly $2 billion in June. As a result of these and other earlier private pay increases, personal income, even without including the retroactive Federal payment, reached a record level in July, higher than the pre-recession peak of August 1957—and August and September 1958 added another $3.3 billion on an annual basis to total personal income.

The second basic method available to the government in its efforts to facilitate a business recovery is a direct increase in government spending for defense and other goods and services. This, too, was done. More specifically, on a seasonally adjusted annual basis, the rate of Federal Government spending for goods and services increased $2.1 billion from the third quarter of 1957 to the third quarter of 1958. And, during the same period, state and local spending increased $3.9 billion on an annual basis.

The third method available to the Federal Government in a recovery effort is the indirect one of encouraging, facilitating and, even, directly aiding state and local, and private spending. This, too, has been done on a large scale. For example, a vast public works program of nearly $2 billion was enacted by Congress. The results can be seen in the record-breaking totals for public construction,

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*An address by Mr. Rodgers before the American Finance Conference, Chicago, Ill., Nov. 6, 1958.

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Canadian Credit Companies

By DR. IRA U. COBLEIGH
Enterprise Economist

Containing some notes (non-interest bearing) on four progressive companies extending and expanding consumer credit in Canada.

The purchase of goods on instalment in the United States is such a common phenomenon as to occasion no special comment except when, as in the past 12 months, total consumer loans have been reduced by more than $1 billion. In Canada, however, instalment finance has rather flagged in popularity due to the venerable heritage for thrift and the eschewing of debt stemming from two main residential racial strains, the Scotch and the French Canadians.


Ira U. Cobleigh

Particularly among these ancestral strains, personal debt has been rather frowned on, and the underlying tradition of buying only what you can pay for has no doubt played a part in inhibiting the growth of instalment loans in the Dominion. Since the War, however, in the vast expansion of Canadian production, and the rapid development of natural resources, with large outlays for new plant and equipment, credit in Canada has become more fashionable. If it was sound and proper for the Dominion and its leading enterprises to borrow for expansion and business growth, then personal borrowing for useful durable goods and appliances seemed, financially, less reprehensible. Accordingly, finance companies North of the St. Lawrence have been making impressive strides. We'd like to touch briefly upon four of them today.

Industrial Acceptance Corp.

The largest and perhaps best known is Industrial Acceptance Corp., Ltd., founded in 1925 and growing both internally, and by a series of mergers, to be the dominant Canadian finance company with total consolidated income (1957) of $58,464,390, which carried down to a net of $3.05 per share on the 2,701,257 common shares outstanding at Dec. 31, 1957. The principal business is the commercial financing of durable consumer goods (automobiles, household appliances, etc.). Receivables are usually purchased from dealers who incidentally, guarantee the paper. In general, individual receivables averaged around $790 in 1957, and ran for 18 months. The negative risk element here is well illustrated by the fact that in respect to over $4 billion in retail instalment and wholesale receivables purchased in the ten year period ended Sept. 30, 1957, credit losses have been less than 1/6th of 1%. This is a remarkable result.

Investors seem to get a little baffled by finance companies since their capital structures are always among the most complicated. Industrial Acceptance is no exception. At the 1957 year-end, there were outstanding $50 million in 3¼%-5½% secured term notes due 1959 to 1971; $54,923,000 in 11 different series of debentures due variously from April 1, 1969 to Feb. 1, 1978 and bearing coupons of from 4% to 6%; and $19,320,000 par amount in three series of preferred stocks — all ahead of the common. There are also some warrants outstanding to purchase common stock at $25 up to Jan. 15, 1962. Industrial Acceptance common sells at 37¾ with a $1.40 dividend, and the warrants at 12¼. In view of the rising trend in earnings, excellent management, the spread of the company's activities in its 103 offices throughout Canada, and the leverage afforded by the common stock, Industrial Acceptance shares have been a popular and profitable equity (split 2-for-1 in 1956). IAC common is found in the portfolios of a number of investment trusts. It is listed on the Montreal and Toronto Stock Exchanges.

Trader's Finance Corp.

Trader's Finance Corp. Ltd. was incorporated in 1926 and it, too, has grown rapidly, increasing its total assets from $100 million at Dec. 31, 1950 to $323.6 million at Dec. 31, 1957. Here again we have a long roster of securities on the balance sheet — $130.8 million in 12 issues of funded debt (including collateral trust notes), $8½ million in preferred stocks, 1,006,478 shares of "A" common and 240,000 shares of "B" equal as to dividend but with the "B" carrying the vote.

Through its 75 branches, Trader's Finance engages in the purchase of instalment receivables; and through subsidiaries it engages in the personal loan, and insurance (automobile, fire and casualty) business. Total consolidated income has risen steadily from $20.3 million in 1952 to $30.8 million for 1957. Net has not advanced evenly to correspond but has provided, in the past 3¾ years, adequate coverage for the $2.40 dividend rate. Price range on the "A" stock in the past two years has been between a low of 31½ and a high of 43½. Both the "A" and "B" commons were split 2 for 1 in 1953.

Imperial Investment Corp.

Considerably smaller than the first two companies mentioned is Imperial Investment Corp. Ltd. Incorporated in British Columbia in 1950, it operated for some years as a private company engaged in automobile finance. It became a public company in 1954 and expanded greatly in 1957 with its acquisition, through a holding company, of control of Laurentide Acceptance Corp., whose principal business had been in the Province of Quebec. This acquisition rocketed consolidated notes receivable from $16,495,448 at Dec. 30, 1956 to $46,635,216 at Dec. 31, 1957.

The equity of Imperial Investment, following an array of collateral trust notes, four series of debentures, and four of preferred stock, consists of 691,070 shares of non-voting "A" stock (with priority as to a 6¼ cent per share fixed dividend; and sharing equally, share for share, with "B" thereafter) and 15,880 shares of "B" common which controls the company. 50,000 shares of "A" were publicly offered at $12.50 a share in April 1956. There was a 2 for 1 split in December 1957, and the resulting new shares now sell at 12½—a 100% capital gain in 2½ years. Earnings per share for the nine months ended May 31, 1958 were 90c a share.

Imperial handles two main types of credit. It discounts individual conditional sales agreements and it finances wholesale purchase by retailers from manufacturers and dealers. Its instalment purchases include not only motor cars and electrical appliances but trucks, trailers, farm, construction and logging equipment and small aircraft. The acquisition of Laurentide has given a real "zing" to Imperial and the long-term prospects for its rising earning power appear quite interesting.

Atlantic Acceptance Corp.

A much smaller and more localized enterprise is Atlantic Acceptance Corp. Ltd. With main office in Hamilton, and branches in St. Catharine, St. Thomas and Ottawa, Ontario, this promising company engages in the consumer financing of automobiles and appliances, the financing of commercial and industrial equipment, and personal loans. A rather small operation, total receivables in June were around $3 million. Since then, 100,000 of common were sold to shareholders bringing in $550,000 in new capital and increasing total common to 160,000 shares. Expansion of receivables to $5 million or more by the end of this year is expected.

The common of Atlantic Acceptance has earned well, showing 80c a share for the six months ended June 30, 1958 (and before new common financing). An expansion program under Mr. C. P. Morgan, President, is expected to "rev" up future earning power. The shares have been listed in Toronto since 1955 and sold as high as $9. There's also a convertible preferred with a $1.10 dividend. It sells around 16½ yielding 6.6% and is convertible into one share of common.

All of these finance companies have been sort of treading water during the past 15 months due to the incidence of the recession, and the decline in sales totals of motor cars and appliance. Economic conditions in Canada now, however, have improved sharply, and both motor and appliance sales have turned about. That, together with the rising popularity of buying on credit, should augur well for the future of these enterprises. In the U. S., two thirds of all the new cars are bought "on time"; in Canada, more than half are still bought for cash.

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Van Alstyne, Noel to Admit

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on Nov. 26 will admit Stanley N. Brown to limited partnership.

Forms Bowers Inv. Co.

CHICAGO, Ill.—Bowers Investment Company has been formed with offices at 6031 South Paulina Street to engage in a securities business. Paul G. Bowers, a principal, was formerly with Carter H. Harrison & Co. and Hornblower & Weeks.

The Dynamic Impact of Communist Trade Aggression

By A. WILFRED MAY

The data for this article were gathered on-the-spot by Mr. May during a recent trip through the Far East.

Irrespective of the motives behind Red China's trade maneuvering, or the accompanying methods, the extent of her penetration and its economic impact in Southeast Asia is itself vitally significant.


A Wilfred May

The *overall* picture shows that total Chinese exports to the six countries of Southeast Asia, namely India, Ceylon, Burma, Indonesia, Malaya (including Singapore), and Vietnam, increased 47% from 1953 to 1955, and another 40% from 1955 through 1957. This year the total is estimated at a half-billion dollars, a full 56% increase over 1957. The key cotton cloth sales this year will probably reach 450 million square yards, against 280 million in 1957.

Substantial as this composite has been, particularly telling results have occurred in specific areas. In the four-year period a 15-fold increase has been registered in Peiping's sales to Burma, a 14-time multiplication to Indonesia, and to India they have risen nine-fold. With politically-vulnerable Indonesia, typically, since 1955 only her imports from China have tripled in contrast to a mere 29% rise in her total imports.

Penetration in Malaya Elicits Import Licensing

In Malaya, since 1955, Communist imports from China have risen by 55% against a 12% overall gain — with Malaya now buying more goods from Red China than from Hong Kong. Portland cement sold to Malaya and Singapore by China rose 100% from 31,000 tons in 1956 to 61,000 tons in 1957, while a million square feet of sheet glass were shipped there in 1957 against only 900,000 square feet in 1956. So severe has been the pressure on her domestic cotton industry that the Malayan Ministry has now formally imposed import restrictions through licensing. Following a previous similar order regarding cement, imports of cotton textiles from China are subject to specific licenses—aimed at "dumping and unfair competition." (Moscow too is playing for the Malayan market. Within the past few months the USSR has bought more rubber directly from Malaya than at any time in history—almost four times last year's volume. The Kremlin is thought to be aiming at the establishment of a trade mission there — as a wedge for diplomatic representation along with exploitation of the 80% Chinese proportion of the population there).

In Hong Kong too, China's advances have been dramatic. This year their proportion of the community's total imports has risen from 19% to 26% last year; in food from 39 to 49%, and in manufactured products from 13 to 19%.

In the case of products also, as well as areas, has there been concentration of the Communists' success. But now, in addition to cement, and textiles, in which particularly great increases have occurred, China's export success has already fanned out into new items as iron and steel products, metal processing machines, sewing machines, glass, ceramics, and paper products.

The Growing Inroads on Japan

These great sales increases by China have exacted a heavy toll against Japan, deliberately—even to the extent of enlisting boycotts in some localities—and as a matter of course. The competition is by no means limited to cotton goods; it is now being extended to raw silk, ceramics, paper, sewing machines, sheet glass, plywood, soy, beer, and canned foods. China's coal shipments to Hong Kong, at 164,000 tons in 1957, was up 900% over the 1955 figure; causing substantial drops in its procurement from both Japan and India.

The decrease in Japan's total exports of cotton piece goods is largely due to a decline in their exports to the five countries where China has done so well—particularly in Burma and Indonesia. There is no doubt of the validity of Japanese businessmen's reports that their exports of ceramics, cement and cotton piece goods has been seriously affected by the inroads of Red Chinese goods into these markets.

The volume of certain Communist China products sold now exceeds that of Japan's in some markets. Industrial machinery in India; raw silk, paper products, glass, and ceramics in Hong Kong; and cotton fabrics, caustic soda, and tool steel in Indonesia are higher in volume of sales than their Japanese counterparts by more than 100%. In Malaya and Singapore more inorganic chemicals, paper products, and sheet glass are brought in from Communist China than from Japan.

The comparative record in Hong Kong is particularly striking. Whereas in 1953 Japan supplied the Colony with 32% of her imports of grey goods, with practically nothing coming from the mainland; 1957 showed a drastic reversal with China now supplying 84%, and Japan only 2%. In 1953 Hong Kong's imports of sheet glass were 51% from Japan, with none from the mainland. In 1957, 47% came from China, and only 16% from Japan.

Impact on Domestic Economies

These trade inroads have resulted in numerous serious reper-

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cussions within several of the countries. In Malaya textile dumping has caused local production curtailment and some unemployment. In Hong Kong textile manufacturers are encountering production cuts, and some unemployment. In Japan within the past weeks drastic retrenchment programs have been announced by the giant Kanegafuchi Spinning Company, with wage cuts or freezes, and plant closures by other firms expected to follow.

* * *

What's Ahead

Serious as the effects of the Cold trade war are now, the crucial question is concerned with the future potentialities.

The trend of China's exports will in future progress from processed farm produce to manufactured items, starting out with "light" manufactures and going on to heavy and chemical items; and in all these fields her competition will become expansive. In the textile field, by raising the quality Peiping will no doubt be able to continue, if not increase, its present substantial growth rate.

The future of the Red aggression will depend essentially on whether even an authoritarian state can everlastingly starve its consumers in the face of a rising GNP; and whether it can perpetually ignore the cost element.

Effect on U. S.

Meanwhile, what is the effect on United States trade in Asia of the China economic offensive? Not serious, at least for the foreseeable future. China must first supply herself with a vast amount of equipment from abroad. Even in textiles, the United States is able to offer synthetic materials and blended cloth not technically available from local factories. Nearly all the Chinese cotton cloth is lower price merchandise more directly competitive with Japanese goods than with our's. And the bulk of our textile business is being done with the Philippines, who bar all trade with Red China. In pondering the overall threat it must be remembered that U. S. exports to the South Eastern area are mainly composed of foodstuffs and manufactured goods financed directly or indirectly by American aid.

The danger lies rather than as a trade threat to us, in China's continuing and spreading infiltration throughout the region, with its direct impact, economic and political, on the countries concerned.

With Edward N. Siegler

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Richard E. Mayer is now affiliated with Edward N. Siegler & Co., Union Commerce Building, members of the Midwest Stock Exchange.

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American Business in an Expanding World Economy

By DAVID ROCKEFELLER*

Vice-Chairman, Board of Directors
The Chase Manhattan Bank, New York City

Businessmen's responsibility in maintaining the dynamism of our economy and its large stake in the success of our foreign economic policies; the irrevocable forces of international economic change; and our foreign economic experiences and recent changed objectives for the better, are some of the topics touched upon by Mr. Rockefeller. The banker is not unaware of our cost structure *vis-a-vis* the world markets and holds that this is one of the basic reasons why we must contain inflation. He foresees such other implications of recent trends in the world economy as buying machines we need from abroad and being alert to expand our trade and increase our investment. He sees governmental foreign economic spending rising and believes we have economic potential to meet the demand.

I have chosen to discuss "U. S. Business In An Expanding World Economy" for two reasons: first, I believe there is a need for a broader and deeper understanding of the importance of world-wide developments to American business; and secondly, given that understanding, I am convinced that business can make a unique contribution toward the attainment of the objectives we and other nations seek.


David Rockefeller

In its most fundamental terms, the challenge confronting the Free World is to erect a new world structure that will enable free societies to prosper and advance. The present disorder which afflicts the world reflects the disintegration of a once successful world structure which was based on such elements as colonial empires, the gold standard, relatively free trade and relatively little government participation in economic and social affairs. Regardless of one's judgment as to the merits of these institutions, they did serve in the 19th and early 20th Centuries to provide both political and economic cohesion among nations. Our problem now is to devise a new structure which will provide comparable cohesion for our time, and enable associations of free nations to work together in their common interest.

Four Underlying Forces

As one views the world situation in perspective, four powerful and perplexing forces seem to underlie recent trends.

One has been termed the "revolution of rising expectations"—a world-wide desire for a better life. This has found expression in the efforts of more than a billion people living in the less developed areas, who wish to industrialize and achieve rising living standards.

*An address by Mr. Rockefeller before the Omaha Chamber of Commerce, Omaha, Neb., Nov. 17, 1958.

Another is the force of nationalism. In the past decade, we have seen the virtual end of the colonial systems which dominated the Free World for three centuries. More than 20 new sovereign nations have come into being since World War II.

A third major force is the explosive rise in population. In the past 35 years, world population has increased by an amount equal to the entire population in 1750. If recent rates of growth are maintained, the number of people in the world will increase from three billion now to four billion in a generation.

Finally, there is the fact that we confront a militant world-wide Communist movement centered in Moscow and Peiping, the ruling over an empire encompassing a billion people. Communist efforts to fan discontent and organize grievances have been supplemented in recent years by an expanding program of economic penetration.

None of these forces is entirely new—in fact, each has been evolving for the period of roughly three decades during which the old structure of the Free World was deteriorating. Moreover, a series of massive efforts has been undertaken to deal with these new forces. At the international level, we have the United Nations, the World Bank, the International Monetary Fund, and a number of specialized institutions in such fields as health and aviation. Since World War II, the United States itself has provided the vast sum of $67 billion in various programs including the Marshall Plan, Point Four and Military Assistance.

Two Reasons for Moving Ahead

Each of these efforts has been generally constructive — indeed, without them, our situation today would certainly be very much worse than it is. Yet they have not created the new world economic, poiltical and social structure we seek. They have not done so for two main reasons. One is that until recently we have lacked a clear concept of the sort of structure we needed to erect. Such a concept is now emerging in the form of regional associations of independent nations combined with lowered barriers to trade and investment within each region and between regions. One of the dilemmas of the postwar world has been that economic development requires a constant broadening of markets, whereas the narrowing of political boundaries through the creation of new independent states has led to a shrinkage in their markets. No nation, including the United States, can build a broad and diversified economy on the basis of the market within its own boundaries. However, regional associations — for instance, the European Common Market, or a Latin American Common Market —can offer a base broad enough

Continued on page 34

The State of Trade and Industry

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

Work stoppages at Chrysler Corp. by white collar workers and a strike at The Budd Co. plant, supplier of underbody components for Rambler, cut car output the past week by 3.5% below the preceding week and at the same time adversely affected steel production. However, among the other car manufacturers, the production pace was strong and was expected to continue so through November and December.

Detroit is striving to produce 530,000 cars this month and close to 600,000 during December. Output, however, may fall short of this month's goal, but December may run to 625,000 units or even better.

Manufacturers of tires and rubber goods look for a near record in 1959 based upon estimates of rubber consumption just completed by Firestone.

Retail trade the past week held close to the level of the preceding week and like period a year ago. Retail sales estimates for the remainder of 1958 would be substantial if auto volume could be assured. Christmas shopping this year is expected to exceed the previous season from the standpoint of over-all dollar volume.

Continued work stoppages in the auto industry held the October gain in industrial production to one percentage point, the Federal Reserve Board currently reports.

The Board held out the prospects of a bigger improvement for November as auto companies slated a doubling of October's low output.

With respect to employment, a drop of 300,000 unemployed workers raised to 1,500,000 the total of workers who have returned to their jobs since the summer unemployment peak.

Declines marked the number of workers receiving unemployment compensation for the 16th straight week, the United States Department of Labor currently reports.

Workers drawing unemployment insurance declined by 14,400 to 1,700,500 during the week ended Nov. 1, the agency noted. During the like 1957 week, insured unemployment totaled 1,312,400. Workers receiving unemployment compensation for the latest reporting period accounted for 4% of the nation's labor force, compared with 4.1% a week earlier and 3.3% during the like week of 1957.

The department declared new layoffs in the food processing, apparel, textile, construction and lumbering industries — most of them caused by seasonal factors — increased new claims for unemployment compensation. New claims, which the agency customarily reports a week ahead of continuing claims, rose by 12,200 from the prior week to 300,400 during the week ended Nov. 8.

The Federal Reserve Board's industrial production index for October was 138% of the 1947-49 average, seasonally adjusted, compared with 137% for September and 144% for October, 1957. The October figure represents a recovery of better than half the drop from the 1957 high of 145% to the recession low of 126% in April, 1958.

As a result of the curtailment in auto production, and a strike

Continued on page 35

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Outlook for the Rubber Industry

By E. J. THOMAS*

President, Goodyear Tire and Rubber Co., Akron, Ohio

Mr. Thomas lays bare the grounds supporting his view of reasonable optimism for the rubber industry. Mindful of the diversification strides taking place in the rubber industry, the industrialist's preview of 1959 offers the belief that the part of the industry bit the hardest this year will show considerable improvement — deliveries of tires and rubber goods to auto, truck and tractor manufacturers—in line with the upturn developing in 1958. Opines product diversification and increased use of synthetics provide greater stature and stability for the industry.

The term "rubber industry" today means something much broader in scope than it did in the earlier years. The rubber industry has become quite diversified — as many of the companies in our industry, in addition to tires and other rubber products, are now important in the fields of aircraft, missiles, electronics, metals, chemicals and plastics. The industry continues to be noted for great and continuous improvements in its products. In tires alone, we have seen the shift to smaller wheel diameters, larger tire cross-sections, tubeless construction, the use of synthetic fiber cords and steel cords in the tire carcasses, improved treadwear, greater comfort and far greater safety than ever before. The industry spends a great deal of money on research and development which has made these developments possible.

E. J. Thomas

The rubber industry is composed of 1,493 companies, with 1,834 factories making 40,000 products in 752 United States of America cities.

The prices for our products have advanced at a much slower rate than for the economy as a whole. Therefore, it is true that we are giving greater value today than ever in our history.

Cites Some Important Data

I think I can simplify the business outlook for the rubber industry by giving just a few, but important, figures.

It looks now that the rubber industry in the United States for the year 1958 versus 1957 will compare as follows:

	1958	1957	A Decrease of
Production of pneumatic tires (incl. industrial pneumatics)	101,000,000	113,000,000	10%
Tons of rubber used (incl. tires & all other rubber products)	1,325,000	1,465,000	10%

Most of this year's decrease in tires and general rubber products came about due to the reduced automobile and truck production.

The renewal tire business actually improved throughout the year, and our industry will sell more tires for renewal purposes than ever in its history—around 70,000,000 units.

For the year 1958 our own company's first quarter was our worst in comparison with 1957, with the volume off 13% and the profits off 37%. The second quarter comparison was volume off 7.6% and the profits off 12.2%. In the third quarter the improvement continued, with the volume off only 2.2% and profits up 28%. This gives an indication that our industry has been making an improvement as the year has progressed.

Considerable Improvement

As we look into 1959 there is every reason to believe that the part of our industry which was hit the hardest this year will now show considerable improvement—that is, in the deliveries of tires and rubber goods to automobile, truck and tractor manufacturers. We believe they are going to need 25% to 30% more of our products this year with the distinctly better sales outlook for cars, trucks and tractors. All other areas of our industry's activities, including the production of industrial goods, molded goods, films, foams, flooring and shoe products also look better. Renewal tire sales in 1959 will reach another new peak, rising another 2,000,000 to 3,000,000 units.

Summing up, the industry's estimate now for 1959 is for a pneumatic tire production (including industrial pneumatics) of at least 111,000,000 units versus 1958's 101,000,000, and a total rubber consumption of 1,480,000 tons versus 1958's 1,325,000 tons. The rubber industry's 1959 dollar volume could well set a new all-time record.

Re-employment of laid-off workers in the industry has begun. In our plants we have recalled 60% of our laid-off workers, and the working hours per week are now back to full five and six days.

Industry inventories of raw materials and finished goods have reached their low point and are now on the rise.

New authorizations for capital expenditures have been held down for 1958. They will be loosened up for 1959.

No big rise in prices is anticipated, although prices for some of the industry's products did erode too much in the recession period and need to be improved.

One important factor in the rubber industry which I think should be mentioned is that, of the total rubber now being consumed, close to 65% is made up of the various synthetic rubbers the industry now uses, and in which there are ample capacities. There have been continuing and important developments in additional new synthetic rubbers that equal or exceed natural rubber for all uses. There also have been new developments in improved synthetic and steel cords for tire carcasses.

With the increased diversification in products and the increased use of synthetic materials which tend to minimize the old-time inventory hazards on natural materials, increase stature and stability are a mark of our industry.

In short, the clouds are disappearing; there is more sunshine and, hence, reasonable optimism.

*From a talk by Mr. Thomas before the National Industrial Conference Board, Cleveland, Ohio, Nov. 13, 1958.

Boston Fund Appoints Skinner to New Post

BOSTON, Mass.—The reconstitution of the Boston Fund Executive Committee to the Investment Committee and the appointment of Ernest T. Skinner to that committee was announced by Henry T. Vance, President of the investment company.

Ernest T. Skinner

Mr. Skinner, a Vice-President, has been associated with Boston Fund since 1946. He formerly served as manager of the investment department of the Boston Mutual Life Insurance Company. He is Treasurer of The Bond Fund of Boston and a director of the Texas Fund.

Other members of the Boston Fund Investment Committee include: Mr. Vance, O. Kelley Anderson, William F. Shelley, Robert L. Osgood, Edward F. Ryan and Robert S. Swain.

Two Columbine Branches

DENVER, Colo. — Columbine Securities Corporation has opened a branch office at 1334 Pearl Street, Boulder, Colo., under the management of J. R. Holt, and at 1346 Connecticut Avenue, N. W., Washington, D. C., under the direction of W. A. Cannedy.

Pickman Trust Deed Exch.

(Special to The Financial Chronicle)

PALO ALTO, Calif.—The Pickman Trust Deed Exchange is conducting a securities business from offices at 555 Byron Street. Officers are Joseph F. Pickering, President; David G. Hoffman, Treasurer.

From Washington Ahead of the News

By CARLISLE BARGERON

All persons who think well of their country and think it can best be served by the two-party political system will be cheered by the news that "ye childe" Harold Stassen is willing to help reorganize it. He has always been such an upbuilder that the mere knowledge that he is willing to help will be encouraging to the Republicans who now feel about as low as the bottom of the ocean. Of course, there is a price tag to "ye childe's" willingness to help. Nixon, who has done so much for the party thus far will have to be sacrificed. "Ye childe" doesn't think he can win. He names four persons as available, who can make the grade, three of whose names he just threw in. Nelson Rockefeller is his man. Strangely enough, Mr. Stassen left out himself. Incidentally, he is called "ye childe" because he is a great youth leader. We youngsters have got to be recognized, he says. It was in 1948 when he said that and now ten years later, he still thinks he is the champion of youth.

Carlisle Bargeron

Two years ago he said Nixon would hold Eisenhower back and urged his replacement on the ticket. When he saw he was licked he asked for and was given permission to second Nixon's nomination. It is difficult to see just where Nixon held Eisenhower back that year. He won by more than 9,000,000 votes.

What Stassen has done by his recent maneuver is get himself out in front as a Rockefeller man in 1960 and made himself available as the principal man to knock Nixon off between now and the next Presidential election. He wants to assume an active role as this man.

The endeavor has its prospects. The effort, whether it succeeds or not, will give Stassen something to do. He is pretty well relegated to the deep background now. If his plans should turn out, then Rockefeller will be obligated to him and he will be back with us in the government. Presumably we will still be seeking peace at that time. What better than to make him again the peace secretary. It's not a desperate chance for him to be taking because if Nixon is elected he won't be able to get a job as dog catcher.

Stassen's purpose being so perfectly apparent, it is amazing that President Eisenhower let him use the White House as a sounding board for his statement. He had conferred with Eisenhower for an hour and told him what the Republican party needed to do and the four candidates it could win with. It is true that Press Secretary Jim Haggerty said that Stassen was not speaking for the President but the latter knew that Stassen intended to talk with newspapermen when he left the President's presence.

Why the President listened to his silly prattle for an hour is hard to understand. Then, when he named his four candidates, pointedly leaving Nixon out, the wonder is that the President didn't laugh right out. The President could not have been so naive as to not know what Mr. Stassen was doing.

The fact that the President went along with the play has left Washington observers speculating as to whether he, himself, is not willing to go along with New York friends who will be the prime movers in any stop-Nixon-nominate-Rockefeller movement. Such a movement was bound to be agitated anyway. With Stassen's activity it is now inevitable. I can almost right now name those who will be in the forefront of it.

Such a movement will have hard going, until about a month before the convention, among a majority of the professionals in the party. It is not likely to get anywhere until it becomes an absolute certainty that Eisenhower will live out his term. Until that time comes, and there is no possibility of Nixon's accession to the White House, you will find the professionals sticking to him.

Nothing could be so horrible for them as to have Nixon take over the White House and catch them toying with a Rockefeller candidacy.

Stassen will undoubtedly be able to get plenty of money to carry on his activities. How he has been able in the past to get money with which to seek the Presidency is one of those things that defies understanding. He has been amply supplied with funds in any endeavor he has ever undertaken.

There should be no trouble at all in raising enough money to try to head off Nixon and nominate Rockefeller. It will afford a source of livelihood for Stassen, and a forum. We can expect to see him very shortly appearing before important gatherings and on Meet the Press.

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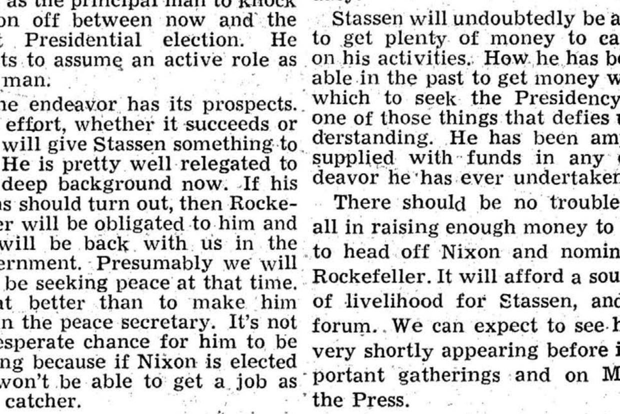

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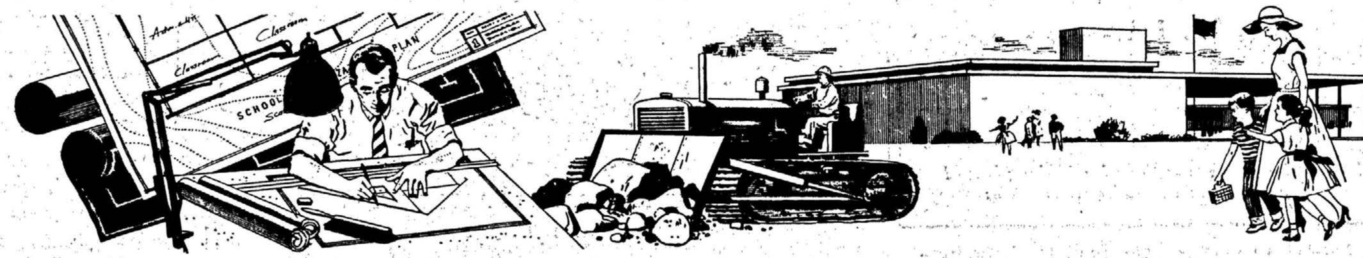

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Legal Opinion

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600,000	400,000	120,000	1960	2.15%
600,000	400,000	120,000	1961	2.40%
600,000	400,000	120,000	1962	2.60%
600,000	400,000	120,000	1963	2.70%
600,000	400,000	120,000	1964	2.80%
600,000	400,000	120,000	1965	2.90%
600,000	400,000	120,000	1966	3.00%
600,000	400,000	120,000	1967	3.05%
600,000	400,000	120,000	1968	3.10%
600,000	400,000	120,000	1969	3.15%
600,000	400,000	120,000	1970	3.20%
600,000	400,000	120,000	1971	3.25%
600,000	400,000	120,000	1972	3.30%
600,000	400,000	120,000	1973	3.35%
600,000	400,000	120,000	1974	3.40%
600,000	400,000	120,000	1975	3.40%
600,000	400,000	120,000	1976	3.45%
600,000	400,000	120,000	1977	3.45%
600,000	400,000	120,000	1978	100
600,000	400,000	120,000	1979	100
600,000	400,000	120,000	1980	100
600,000	400,000	120,000	1981	3.55%
600,000	400,000	120,000	1982	3.55%
600,000	400,000	120,000	1983	3.55%

Bank of America *N. T. & S. A.* **The First National City Bank** *of New York* **The Chase Manhattan Bank** **Bankers Trust Company** **Harris Trust and Savings Bank** **J. P. Morgan & Co.** *Incorporated* **Guaranty Trust Company of New York**

Blyth & Co., Inc. **The First Boston Corporation** **Smith, Barney & Co.** **Security-First National Bank** **American Trust Company** *San Francisco* **California Bank** *Los Angeles*

Continental Illinois National Bank and Trust Company of Chicago **Chemical Corn Exchange Bank** **The Northern Trust Company** **Lazard Frères & Co.** **Drexel & Co.** **R. H. Moulton & Company** **Glore, Forgan & Co.**

C. J. Devine & Co. **Merrill Lynch, Pierce, Fenner & Smith** **The First National Bank** *of Oregon* **Seattle-First National Bank** **R. W. Pressprich & Co.** **The Philadelphia National Bank**

Equitable Securities Corporation **Bear, Stearns & Co.** **Dean Witter & Co.** **William R. Staats & Co.** **Mercantile Trust Company** **Reynolds & Co.** **J. Barth & Co.**

Ladenburg, Thalmann & Co. **Hornblower & Weeks** **Bacon, Whipple & Co.** **William Blair & Company** **Clark, Dodge & Co.** **Francis I. duPont & Co.** **First Southwest Company**

Ira Haupt & Co. **E. F. Hutton & Company** **A. M. Kidder & Co., Inc.** **Laidlaw & Co.** **Lee Higginson Corporation** **National State Bank** *Newark, N. J.* **John Nuveen & Co.** *(Incorporated)* **Schoellkopf, Hutton & Pomeroy, Inc.**

Shearson, Hammill & Co. **Stroud & Company** *Incorporated* **Trust Company of Georgia** **Wertheim & Co.** **Andrews & Wells, Inc.** **Bacon, Stevenson & Co.** **C. F. Childs and Company** *Incorporated*

Coffin & Burr *Incorporated* **R. S. Dickson & Company** *Incorporated* **First Western Bank & Trust Co.** *San Francisco, Calif.* **Fitzpatrick, Sullivan & Co.** **Gregory & Sons** **Hirsch & Co.** **W. E. Hutton & Co.** **The Illinois Company** *Incorporated*

Laurence M. Marks & Co. **W. H. Morton & Co.** *Incorporated* **New York Hanseatic Corporation** **Wm. E. Pollock & Co., Inc.** **Roosevelt & Cross** *Incorporated* **L. F. Rothschild & Co.**

Stone & Youngberg **G. H. Walker & Co.** **Chas. E. Weigold & Co., Inc.** **H. E. Work & Co.** **Robert W. Baird & Co.** *Incorporated* **City National Bank & Trust Company** *Kansas City, Mo.*

City National Bank and Trust Company *of Chicago* **Julien Collins & Company** **A. G. Edwards & Sons** **Fahnestock & Co.** **Field, Richards & Co.** **First National Bank in Dallas** **Ginther & Company**

Kalman & Company, Inc. **Kean, Taylor & Co.** **Carl M. Loeb, Rhoades & Co.** **Northwestern National Bank** *of Minneapolis* **F. S. Smithers & Co.** **Tripp & Co., Inc.** **J. R. Williston & Beane**

Blunt Ellis & Simmons **Burns, Corbett & Pickard, Inc.** **Commerce Trust Company** *Kansas City, Mo.* **Dallas Union Securities Company** **Dittmar & Company, Inc.** **First California Company** *Incorporated*

The Fort Worth National Bank **Glickenhaus & Lembo** **Hill Richards & Co.** *A Corporation* **J. A. Hogle & Co.** **Kenower, MacArthur & Co.** **Lawson, Levy, Williams & Stern** **Irving Lundborg & Co.**

McDonnell & Company **Wm. J. Mericka & Co., Inc.** **Provident Savings Bank & Trust Company** **Shuman, Agnew & Co.** **Stern, Frank, Meyer & Fox** **Stern, Lauer & Co.** **Taylor and Company**

Third National Bank *in Nashville* **Thornton, Mohr and Farish** **Spencer Trask & Co.** **Robert Winthrop & Co.** **Wood, Gundy & Co., Inc.** **Zahner and Company** **Breed & Harrison, Inc.**

Fahey, Clark & Co. **Federation Bank and Trust Co.** **The First Cleveland Corporation** **The First National Bank** *of Memphis* **First National Bank** *of Minneapolis* **The First National Bank** *of St. Paul*

Frantz Hutchinson & Co. **Lyons & Shafto** *Incorporated* **The National City Bank** *of Cleveland* **Newhard, Cook & Co.** **Ryan, Sutherland & Co.** **Seasongood & Mayer** **Stein Bros. & Boyce**

Stubbs, Watkins and Lombardo, Inc. **Tilney and Company** **Wachovia Bank and Trust Company** **R. D. White & Company**

November 19, 1958 ***A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.***

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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.**

Incentive Plan Benefits—Discussion in November issue of "The Exchange"—The Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy; $1.50 per year. Also in the same issue are an analysis of **MIP Investors** and a discussion of common dividends.

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

Life Insurance Industry—Review—Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also in the same circular are brief reviews of **Transamerica Corporation, U. S. Life Insurance Company** and **Travelers Insurance Company.**

Market Outlook and Selected Securities—Bulletin—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

November Recommendations—C. M. Oliver & Company, Limited, 821 West Hastings Street, Vancouver 1, B. C., Canada.

Of the People, by the People, for the People — An informal analysis of tax-free public bonds (municipal bonds)—E. H. Davis—John Nuveen & Co., 135 South La Salle Street, Chicago 3, Ill.—cloth—$$3.75.

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.

Utility Earnings Can Be Utility Dividends—Report—Gregory & Sons, 72 Wall Street, New York 5, N. Y.

• • •

Algoma Steel Corporation, Limited—Analysis—McLeod, Young, Weir & Company, Limited, 50 King Street, West, Toronto, Ont., Canada.

H. C. Bohack & Co., Inc. — Review — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Celotex—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y.

Cluett Peabody & Co.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa.

Cog Minerals Corporation—Bulletin—Russell Investment Company, Boston Building, Denver 2, Colo.

Continental Can Co.—Data—Alfred L. Banden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are data on **Gillette Co., Motorola Inc.,** and **Otis Elevator Co.**

Detroit Edison Company—Analysis—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Dresser Industries — Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **Republic Steel** and **F. W. Woolworth.**

Fluor Corporation — Analysis — Bacon, Stevenson & Co., 29 Broadway, New York 6, N. Y.

General Telephone-Sylvania Electric Merger — Appraisal—Schweickart & Co., 29 Broadway, New York 6, N. Y.

H. L. Green Company Inc.—Data—Abraham & Co., 120 Broadway, New York 5, N. Y. In the same circular is a survey of **Harris Intertype.**

Hamilton Manufacturing Company — Analysis — Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also in the same circular is an analysis of **Suburban Gas Service.**

Indianapolis Power & Light Company — Review — The First Boston Corporation, 15 Broad Street, New York 5, N. Y. Also available is a study of the **County Trust Co.**

Kerr-Magee Oil Industries, Inc.—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Knox Glass, Inc.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Loft Candy — Memorandum — Mid Town Securities Corp., 30 East 60th Street, New York 22, N. Y.

Lone Star Brewing Company — Analysis — Muir Investment Corp., 101 North St. Marys Street, San Antonio 5, Tex.

Magma Copper Co.—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Magnavox — Review — Ira Haupt & Co., 111 Broadway, New York 5, N. Y.

Magnetic Amplifiers, Inc.—Memorandum—Myron A. Lomasney & Co., 39 Broadway, New York 6, N. Y.

J. P. Morgan & Company, Inc. — Bulletin — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

National Starch Products Inc.—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

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

Ohio State Life Insurance Company—Analysis—Clark, Landstreet & Kirkpatrick, Inc., Life & Casualty Tower, Nashville 3, Tenn.

Pacific Indemnity Co.—Memorandum—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

Pubco Petroleum Corp.—Data—Taylor, Rogers & Tracy, Inc., 105 South La Salle Street, Chicago 3, Ill.

Pure Oil Co.—Review—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same circular are selected lists of convertible bonds and convertible preferred stocks.

Sedgwick County, Kans. General Obligation Bonds—Circular—Davidson-Vink-Sadler, Inc., Beacon Building, Wichita 2, Kansas.

Southern Nevada Power Company—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

A. E. Staley Manufacturing Co. — Memorandum — Mitchell, Hutchins & Co., 231 South La Salle Street, Chicago 4, Ill.

Stepan Chemical Company—Analysis—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on four **Hartford Insurance Companies (Aetna Life Insurance Company, Connecticut General Life Insurance Company, Hartford Fire Insurance Company,** and **Travelers Insurance Company.)**

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

Timken Roller Bearing—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

United States Pipe & Foundry Company—Analysis—Gruntal & Co., 25 Broad Street, New York 4, N. Y.

Warner-Lambert Pharmaceutical Company—Review—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Warner-Lambert Pharmaceutical — Report — J. R. Williston & Beane, 115 Broadway, New York 5, N. Y.

Western Union — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a review of the **Textile** industry and analyses of **Briggs & Stratton** and **Mansfield Tire & Rubber.**

NSTA Notes

TWIN CITY SECURITY TRADERS ASSOCIATION

Donald N. Anderson

Raymond B. Garcia

The Twin City Security Traders Association held their annual election meeting on Nov. 6, 1958, at the Calhoun Beach Hotel, Minneapolis.

Donald N. Anderson, First National Bank of St. Paul, was elected President, and Raymond B. Garcia, J. M. Dain & Co., was elected Vice-President. Lloyd H. Siverson, Kalman & Co., was elected Secretary, and George T. Eggen, Northwestern National Bank of Minneapolis, Treasurer.

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.

K. E. Kennedy Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kenfield E. Kennedy is conducting a securities business from offices at 6363 Wilshire Boulevard. He has recently been with McCormick & Co.

Forms Prime Investors

BROOKLYN, N. Y. — Morris Weinstein has formed Prime Investors Programs, Inc., with offices at 362 Berriman Street. Mr. Weinstein was formerly with Capper & Co., Goden-Dersch Inc. and Hirsch & Co.

Julius Shaffer Opens

Julius Shaffer is conducting a securities business from offices at 565 Fifth Ave., New York City, under the firm name of J. Shaffer & Co. He was previously with Bache & Co.

With Laird & Co.

Daniel W. McVey has become associated with Laird & Company, Corporation, 61 Broadway, New York City, as registered representative in the institutional sales department.

Max Planer

Max Planer, for 30 years associated with Cohen, Simonson & Co., New York City, passed away Nov. 12 at the age of 64.

Capital Reserve Branch

ALEXANDRIA, Va. — Capital Reserve Corporation has opened a branch office at 121 North Fairfax Street under the management of Elbert M. Goodson.

For financial institutions . . .

Trading Markets

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STATISTICIAN-ANALYST

College graduate, 34 years old, with extensive experience desires position as statistician-analyst. Would appreciate personal interview. Please write Box S 1120, Commercial & Financial Chronicle, 25 Park Place, New York 7, New York.

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Growth Stocks for 1959

By ARTHUR J. O'HARA*

Vice-President, The Northern Trust Company, Chicago, Ill.

Chicago banker presents eight industries and certain companies in those industries offering promising growth prospects and trust investment considerations. He also suggests some non-blue chips that similarly are expected to achieve desirable growth. The banker cautiously suggests companies be considered for the long-term as there is no assurance they will register a positive start in 1959.

It is with great humility that I embark on the project of selecting a few common stocks that will prove to be growth stocks in 1959. This implies that I am confident that stock prices will continue to rise during the entire year 1959 as a result of increased earnings that will be achieved by most corporations. I am reasonably optimistic as to the near-term future, but I have lived long enough in this world that I know there is no such thing as absolute certainty. I am hopeful that corporate earnings will show a satisfactory increase in 1959 as compared with 1958.

Selection of Industries

Most analysts have very definite opinions. We have to have them if we are going to do a good job in selling our own organizations and others on the programs we believe should be adopted. We spend many hours on our own research and that of members of our staff. We talk to many corporate officers and visit many plants. We are human; and therefore, we have our likes and our dislikes. We are not immune from having our prejudices. Taking all of these factors into consideration I have selected a few industries that I believe have continued promising prospects for growth. These are my personal selections. If you were to compare notes with some of my associates, I am certain they would have some other or additional selections. It is these differences of opinion that make our work interesting. We realize that investment research is not an exact science. You do well in it if you have a high batting average in the success of your selections.

After careful consideration of the merits of many industries, I have selected eight industries and certain companies in those industries whose common stocks I consider to have promising prospects for growth. It seems logical to assume that if the industry is youthful enough to have reasonable assurance for continued growth that the well managed companies in those industries will achieve increasing earnings in the years ahead. The industries I have selected include aluminum, chemical, drug, electronics, Fiberglas, insurance, paper, and petroleum. There are other desirable industries, and you may have alternative preferences. I have presented my selections so as to provide you opportunity to agree with them or to substitute your alternative preferences. Some good will result from the discussions that are precipitated by these selections.

*An address by Mr. O'Hara before the 27th Mid-Continent Trust Conference sponsored by the Trust Division of the A. B. A., St. Louis, Nov. 6, 1958.

Selected Companies

After reviewing many of the companies in these eight industries, I have selected the common stocks of a few that appear to have promising prospects, based on the assumption that the companies will be able to produce increasing earnings in the years ahead. (See accompanying table).

I have selected companies whose common stocks may be considered suitable for trust investment. In the tabulation, I have shown the earnings and dividends paid in 1957; but I have not shown the estimated figures for 1958. I must admit that many of the companies will report lower earnings in 1958. Also, I should point out that the annual dividend rate on the common stock of Aluminum has been reduced to 70 cents. The others will probably pay the same amounts as were paid in 1957.

These companies, in my opinion, enjoy excellent management; they have achieved excellent earnings over a reasonably long period of years; they have financed their growing financial requirements with a liberal amount of retained earnings; and their financial condition is strong. Admittedly, some of them have experienced a decline in their earnings during the current business recession, but I am confident that it will not be long until they are reporting new all-time high net incomes.

Again, there may be other companies in these industries that you would prefer to own based on your knowledge of these companies and your confidence in their managements. If these alternative decisions result from my selections, the end result is beneficial to both of us and to our customers. In our business, we like to know what the other fellow is doing and to learn the facts that motivate his actions.

Other Companies

There is a common criticism today to the effect that there is an over-concentration of buying on the part of institutions, endowment funds, pension funds, and others in a select list of common stocks, commonly referred to as the blue chips. This may involve the common stocks of about 200 companies. As a result the common stocks of many of these companies are selling at very high prices relative to current per share earnings. You might ask if there are a few common stocks that do not yet enjoy this general acceptance but appear to have promising prospects for growth. In reply, I am of the opinion that the common stocks of the following companies are in this category: R. R. Donnelley & Sons Co., Kaiser Aluminum and Chemical Corp., Stauffer Chemical Co., Sunbeam Corporation, Trane Company, and U. S. Life Insurance Co. in the City of New York. There are others, and our assignment is to discover them through research and to have the courage of our convictions by purchasing them when we may not have many others who agree with us.

Conclusion

High grade corporate bonds are selling at prices to yield 4.50% to 4.75%, and it must be admitted that such yields are attractive to individuals and funds that are interested in current income. Many of the growth stocks that I have selected produce a return of 1.7% to 3.1% on the basis of current annual dividends and in the case of Continental Assurance Co. the return is only 0.75%. There will have to be a substantial growth in earnings in the years ahead to justify current prices. I am confident that over a period of years the companies I have selected will achieve this growth. I cannot assure you that a positive start will be made in the year 1959. If you will use these stocks in reasonable amounts in accounts that can afford to be long-term investors, I have every confidence that the common stocks of these companies will work hard for you.

	*Price Range	†Recent Market	—1957 Per Share— Earnings	Dividends
Aluminum:				
Aluminium Ltd.	26- 53	33	$1.37	$0.90
Aluminum Co. of America	60-133	87	3.55	1.20
Chemical:				
Dow Chemical	49- 83	70	§1.78	1.20
Eastman Kodak	76-131	128	5.09	‡2.65
Union Carbide	84-133	116	4.45	3.60
Drug:				
Abbott Laboratories	37- 69	66	3.30	1.90
Electronics:				
Minneapolis-Honeywell	58-131	96	3.07	1.75
Motorola, Inc.	36- 54	54	4.04	1.50
Fiberglas:				
Owens-Corning Fiberglas	35- 91	53	1.36	0.80
Insurance:				
Continental Assurance	77-183	159	4.65	1.20
Continental Casualty	60-112	105	3.03	1.40
Hartford Fire Insurance	117-176	175	7.31	3.00
Paper:				
Crown Zellerbach	43- 70	54	2.66	1.80
International Paper	82-144	117	6.17	‡3.00
Petroleum:				
Gulf Oil Corp.	84-152	122	11.38	‡2.50
Texas Company	53- 83	80	5.94	‡2.35

*Since Jan. 1, 1956. †As of Oct. 31, 1958. ‡Also pays dividends in stock. §For the year ended May 31, 1958.

George Robson V.-P. Of Walston & Co., Inc.

George U. Robson became a Vice-President of Walston & Co., Inc., 74 Wall Street, New York City, members of the New York Stock Exchange, on Oct. 27.

Reynolds Corp. Mgr. For Hemphill, Noyes Co.

Stephen C. Reynolds Jr. has become associated with Hemphill, Noyes & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, as manager of the corporate bond department.

Jones, Kreeger Co. Is New Firm Name

WASHINGTON, D. C.—Max A. Hewitt retired from partnership in Jones, Kreeger & Hewitt Nov. 13, and the firm name was changed to Jones, Kreeger & Co. as of the same date. The firm, members of the New York Stock Exchange, is located at 1625 Eye Street, N. W.

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

NEW ISSUE — November 18, 1958

$100,000,000

International Bank for Reconstruction and Development

Fifteen Year Bonds of 1958, Due December 1, 1973

Interest Rate 4½%

Price 100%

Plus accrued interest from December 1, 1958.

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

The First Boston Corporation — Morgan Stanley & Co.

The First National City Bank of New York — J. P. Morgan & Co. Incorporated — The Chase Manhattan Bank

Bankers Trust Company — The First National Bank of Chicago — Manufacturers Trust Company

Chemical Corn Exchange Bank — Guaranty Trust Company of New York — Bank of America N.T. & S.A.

Continental Illinois National Bank and Trust Company of Chicago — Harris Trust and Savings Bank — The Northern Trust Company

Dillon, Read & Co. Inc. — Kuhn, Loeb & Co.

Blyth & Co., Inc. — Drexel & Co. — Eastman Dillon, Union Securities & Co. — Glore, Forgan & Co.

Goldman, Sachs & Co. — Harriman Ripley & Co. Incorporated — Kidder, Peabody & Co. — Lazard Frères & Co.

Lehman Brothers — Merrill Lynch, Pierce, Fenner & Smith — Salomon Bros. & Hutzler

Smith, Barney & Co. — Stone & Webster Securities Corporation — White, Weld & Co.

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Commercial Finance Industry And an Expanding Economy

By HERBERT R. SILVERMAN*
President, James Talcott, Inc., and
Retiring Chairman, National Commercial Finance Conference

Now is the time to choose between a creeping, partial economic comeback in 1959 or a surge ahead to an unending, balanced economy. In depicting this choice before us and the imperative need to seize the initiative rather than "sit on our hands and let the blind market forces carry us along," Mr. Silverman recounts with satisfaction the commercial finance industry's helpful role in the past recession, urges the industry to expand, and charts new financing opportunities for the industry in "development" commissions, nearby areas such as Canada and Puerto Rico, export-import trade, and underdeveloped countries. The retiring spokesman for the industry predicts a $500 billion economy and a trillion dollar economy of the future—providing we set stage for it in 1959.

This is an hour of decision for American business. Two courses of overall policy are open. Business can—it must—choose one or the other. One offers a creeping comeback and a partial recovery in 1959. The other offers more — and demands more. A surge ahead to years of balanced growth. If we work for it. If we build it.

H. R. Silverman

If we choose the harder road, each sector of American business must be ready and willing to do its share. This is a policy for commercial finance companies as a part of the financial industry as much as it is one for any of the manufacturing or distribution or service industries that we help finance.

Business must choose. In fact, all Americans must choose, for the policies of labor organizations, legislatures and all the other institutions alongside business in American life will support one course or the other.

Shall we sit on our hands and let blind market forces carry us along? Then some time in 1960 or maybe 1961 we'll get back to where we were before the downturn in the summer of 1957.

Or shall we decide to do the things that will realize the tremendous potential for balanced growth in the American economy?

Commercial Financing's Outstanding Recession Record

Our industry's services in making capital available that was obtainable nowhere else to arrest decline and promote growth in the 1957-58 recession make up one of the brightest chapters in the saga of American finance.

In spite of business contraction, tight money, restricted credit, rising money costs, our industry increased its loans outstanding during the past year by some 7%. Most of our companies were close to this figure; some exceeded it.

Our industry's recent record is worth reviewing. Not to crow about it; we don't have to do that. Our reputation as a ready source of funds and specialized financial services, in the amounts and kinds required, has been growing year by year.

But the job we did in providing new working capital and freeing equity capital during recession is one that we can repeat on a broader scale during economic expansion.

In the face of this, what did our industry do?

Our industry anticipated that there would be a greater need for our funds. From our regular channels into the money market, the funds of our stockholders, of private lenders, of institutional investors, of public investors, loans from banks — from these sources we obtained the funds we knew would be needed.

Our industry was concerned about the situation, naturally. That concern was evident in our deliberations in 1956 and 1957. But we did not allow our concern to deteriorate into dismay.

We knew that the declining rate of profit could be arrested. We knew that inventories could be reduced without dumping, without forced liquidation. We were not fair-weather friends. We stood by our clients as they matched their wits with the difficulties of the market situation, as they employed their strategies to maintain or restore profit margins.

Our Industry Helped to Stem the Decline, Lay Basis for Recovery

Our clients were able to make and sell goods at a moderately high level, in spite of general recession.

Our clients were able to work off their inventories when that was advisable without taking excessive losses; our funds saw them through.

Our clients were able to carry through modernization programs that cut their costs.

Investment, loans, money supply, credit volume—all the economic indicators were tumbling. But, as I said at the outset, our loans outstanding rose because our funds were available not merely on the scale at the peak of expansion, but at a level some 7% higher.

In helping to stem the decline and provide a basis for the recovery, our industry did its share.

Yet Our Industry Discouraged the Boom's Excesses

We did that without encouraging speculative expansion, speculation in inventory or any of the other evils that helped to bring on the contraction and which our nation's monetary policy was designed to curb. We are accustomed to taking calculated risks, risks that other lenders are not equipped to evaluate, but we insist they must have a sound economic basis.

That is our role in the money market. We have the accounting and other specialists who are able to see to it that, in situations other lenders are not set up to handle, money goes to the right place, at the right time, and in the right amounts, at a cost that is economically justified by the realized profits that otherwise would be lost.

Indeed, we did that by encouraging the policies that would correct the situations which brought about the squeeze on profits in 1957. In the fight to combat the excesses that threatened to push the economy into a depression, we did our part. We can take pride in the role that the whole financial industry played in the recession.

We must not be misled by the boom psychology displayed in the securities market. They overestimated the recession and now they are overestimating the revival.

Nor must we allow ourselves to be misled into the belief that inflation must accompany revival. The money supply has expanded less than the volume of goods whose sale it must facilitate. Such inflation as we have had has come mainly from wage bargains and price exactions. Thus far there is no prospect of a new wage-price or price-wage spiral.

Restoration of Volume, Pre-requisite to Expansion

We have reached the incipient stage of recovery. In many sectors of industry we have restored or are restoring profitable operations. Yet the job is not done. If the recovery is to be speeded and completed, it must be a bridge to a period of sound, balanced expansion. For that the prerequisite is to restore volume while maintaining the margin of profit.

Volume after pressure on profits has squeezed the water out of costs is the secret of the efficiency of the American economy. In the restoration of volume, of continuously improving volume, the commercial finance industry can play a key role for many businesses. Our companies operate coast-to-coast, they enter associations with small, medium and large businesses and they serve almost every type of industry. We have the broad experience and the scope of operations that make our institutions unique in the financial structure of the nation.

The Role of Commerial Financing In Restoring Volume

What role can commercial financing play in helping their clients meet the requirements for restoring volume? What are those requirements? An aggressive, imaginative, efficient management, first of all. There are many such. Yet how many managements there are whose aggressiveness is dissipated, whose imagination is curbed, whose efficiency is drained by lack of opportunity because working and equity capital are inadequate for the potential of the business. Our funds and our services can release these managements to do the job they are capable of doing.

Restoring volume requires, second of all, investment in sales. It takes an adequate, competent and trained sales organization, capable of carrying out a detailed sales plan. It requires advertising and promotion programs as integral elements. All this requires the advance of funds, after a period in which there have been few, if any, profits to plow back into the business. And where are the funds to come from? Unless the company is willing to dilute its ownership equity, the funds must come from a financial institution. Our funds can provide the initial working capital needed and our services can make the sales effort largely self-financing.

To restore volume on an expanding basis also requires investment in markets. Existing markets must be penetrated more deeply, and new markets developed. This is the responsibility of the company's market promotion organization. Its activities also call for the advance of funds.

Similarly the use of our funds for the normal requirements of everyday operations can free working capital for research in adapting the product line to the requirements of new markets and in developing complementary products to expand the line. Our equipment loans serve as substitutes for equity capital, making it possible for many companies to improve their profit margins by making their operations more efficient. They can also finance the introduction of new products.

During the next year, barring a war or similar outside catastrophe, sales volumes will rise for many companies. Rising sales will require rising inventories, even when they are well controlled. Indeed, in some instances, the rise in inventories will outpace the rise in sales because they were reduced to an abnormally low level. Our inventory loan services can play a useful role in easing such problems.

Historically there has been a tendency for most inventories to rise temporarily a bit more rapidly than sales in the early stage of recovery. Then they keep pace until the later stages of recovery. At that point inventories rise relatively to sales as market horizons expand to take account of the coming business expansion.

There again funds will be needed, perhaps in amounts exceeding available profits. Our industry can help to supply them.

But it isn't only the expanding company to which the months ahead offer opportunities. The company that lagged in adopting a modernization program to reduce costs, that had to mark time while it waited for a more favorable business climate, can now adopt the production, pricing, market and sales policies that helped other companies get out of the cost-price-profit squeeze. Our funds and our services can help them.

This, briefly, is the picture—part of it. It's what our present and past clients have done or will do and what our future new clients from existing companies can do, with our help. Our clients are our first responsibility and we have always recognized our obligations to serve them. On all sides we have received acknowledgement that in the trying months of 1957 and 1958 we have managed to serve them in spite of all obstacles.

But I submit that the commercial finance industry has a larger responsibility, a responsibility to our country. More than half the companies in our conference go to the public for part of the funds which are our stock in trade. We are a quasi-public industry with obligations, too, to the public that has financed our own growth.

How to Get Ready for the Next Stage of Growth

Unemployment still is serious, and it is almost certain to persist substantially until we are well on the way toward a $500 billion gross output. We are in a period of transition in which a substantial amount of employment is being shifted from the manufacturing product line to the manufacturing equipment line. In the course of the shift the demand for labor is being transferred from the unskilled segment of the labor market to the semi-skilled, the skilled and the professional segments.

This means that workers have to be upgraded, not merely in job titles, description and pay rate but in aptitudes and capacities. For some the training will take time. For some the task is beyond their native abilities. These latter must shift from the

Continued on page 24

*An address by Mr. Silverman before the 14th Annual Convention of the Commercial Finance Industry, New York City, Oct. 27, 1958.

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The Business Outlook for 1959

By EDMUND A. MENNIS*
Director of Research, The Wellington Company
Investment Managers of Wellington Fund
Philadelphia, Pa.

Stock market economist explains why he believes common stocks upward trend probably will continue though not necessarily at the rate of the past five months. Based on a survey made, Mr. Mennis expects sharp rise in corporate profits in 1959 and expects sharpest recoveries to be made in industries hardest hit in 1958.

The primary function of the business analyst in short-term forecasting, as I see it, is to inform his employers of the most probable course of future events, so that reasonable business judgments can be made. The second function of the analyst is to keep his forecast current. By this I mean a periodic review is not enough. Each day, each week, new information changes the outlook. A forecast, therefore, is vital and ever-changing. Having thus established an escape clause, I can now discuss our current thinking on the most probable course of business in 1959.

Edmund A. Mennis

In broad strokes, we think that the recovery in business since last April is a cyclical recovery that will continue through next year. However, the rapid rate of recovery during the spring and summer of this year probably will not continue; the rate of advance may be perceptibly slower in 1959, although the recovery may broaden out. Specifically, we anticipate a Gross National Product of slightly over $450 billion in the fourth quarter of 1958, about $470 billion by the second quarter of 1959, and about $480 billion by year-end. The Federal Reserve Board index of industrial production is expected to average 142 in the fourth quarter of 1958, and about 146 in the second quarter of 1959. However, we do not believe that it will be more than a few points higher by the last quarter of next year. We believe that finished goods prices, which are those principally reflected in Gross National Product, will continue to advance but at less than the postwar rate.

Any business forecast that assumes increases to new record levels must make some assumptions about monetary policy. It is popular to criticize past and present actions of the Federal Reserve Board and to explain how they will either cut the business recovery short or will be inadequate to cope with run-away inflation. Although these events are possible, we believe a probable forecast must assume that the Federal Reserve will steer a course between these two alternatives. Although interest rates have fluctuated sharply in the past two years, such fluctuations are unusual only in the perspective of the two decades before 1951. Prior to the early 1930s, the free action of market forces resulted in interest rate changes and levels that are not unlike those we see today. Basically, the pressures on rates in the immediate future still seem upward.

What are the critical areas to watch in the next year?

Critical Areas to Watch

The first is unemployment, which, in spite of the recovery in business, has remained near postwar peaks. Some observers have commented that the recovery will not be complete until we once again have full employment, not just a return to previous peaks in production and output. This certainly seems true, but I think we must allow for a time lag before unemployment will show significant improvement. Those areas most seriously affected during the recent contraction cut employment, including overhead, quite sharply. There is a certain delay as volume picks up before employment will regain previous levels.

A second critical area is business spending for plant and equipment, which, it is argued, must turn up before a full recovery can occur. The SEC survey of capital spending plans made in September gave us some hope that the decline will end earlier than many had previously expected. In our field trips to many large industrial corporations, we have found that capital spending plans are very definitely tied to profit margins and earnings. As the business recovery continues, profit margins should improve rapidly because of the firmness in prices and the rapid improvement in productivity in the early stages of the cyclical upturn. Although we do not expect capital spending in 1959 to return to the 1957 peaks, we do expect some improvement from the present levels.

A third critical area is the automobile industry. I think it fruitless to guess about the reception of 1959 models until the customer has expressed his reaction to the latest fashion in cars. The current thinking in Detroit appears to suggest about a 5½ million car year, but it is still too early to form even a preliminary appraisal. A figure similar to that of 1958 would certainly slow the rate of business recovery, and a figure substantially higher could speed the recovery rate and lead to exuberance in other areas of consumer spending as well as business spending. Because of delays in building up stocks of new cars, I believe it will be Christmas, at least, before we have a reliable feel of the automobile market.

A fourth critical area is the steel industry, not because of its rapid recovery from depressed levels, but rather because of labor negotiations that will take place next summer. The automobile industry made a strong stand against substantial wage increases. The burden has therefore been passed to steel, another pacesetting industry, to do likewise. There is little doubt that the steel union will press its demands and that they will be resisted by management. Any forecast of 1959 must answer the question: will there be a steel strike? How long might it last? What will be the impact on industrial production? A strike of six to eight weeks' duration would depress third quarter economic activity, particularly as measured by the index of industrial production, thus delaying the rate of recovery.

What is the outlook for profits in 1959? Our organization has done some exploratory work in estimating corporate profits based on the outlook I have just given you. A recent survey by our analysts of 110 large companies, which have considerable investor interest, suggests that their profits next year may be some 25% above those of 1958, which, in turn, are estimated about 18% below 1957. In general, the industries hardest hit in 1958 (autos, textiles, steels, chemicals, metals, machinery and rubber) are expected to have the sharpest recovery. The 25% improvement is influenced strongly by a substantial gain in the automobile industry; if autos are excluded from the sample, the indicated gain is 18%. These estimates are, of course, tentative and subject to constant review. However, they do suggest that corporate profits will reach new peaks in 1959.

What About the Stock Market?

I know that anyone in the investment field addressing a group must inevitably tackle the most difficult question of all—what about the stock market? The stock market bottomed out in December and has been moving up to new highs since. Such technical studies as I have seen indicate little weakness in the pattern of this rise. The market, which historically has been a satisfactory indicator of cyclical recoveries, anticipated the realities of the improvement in corporate earnings that we now begin to see. The question is not whether the turn and subsequent rise in the market was correct, but rather whether the increase in stock prices has out-stripped the probable improvement in earnings, reflecting inflationry psychology rather than earnings realities.

Upward Stock Market Trend

There are several comments that can be made. In the first place, the rate of increase in earnings and the levels to which earnings may rise could be significantly better than was originally anticipated. Moreover, the market supply of common stocks in the most successful industrial companies has increased little; not much new common stock financing has been done in recent years. However, the demand from all types of investors for good quality securities is steadily increasing. Consequently, the earnings multipliers applied to stocks in the immediate postwar years may not be seen again in the near future. Finally, it is trite, but true, to say that it is not a stock market, but a market for stocks. The broad stock market averages conceal many securities that are both overvalued and undervalued when reviewed on an analytic appraisal of their prospects. The stock market, then, may at times overvalue temporarily the business improvement we expect, and a market correction could occur. However, so long as our business assumptions suggest that the current recovery is likely to continue and broaden out, an upward trend in common stock prices seems probable (although not necessarily at the rate of the past five months).

*An address by Mr. Mennis before the 6th annual conference on the Economic Outlook, University of Michigan, Ann Arbor, Mich., Nov. 3, 1958.

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Price Paid to Avoid Inflation Costs Less Than Further Inflation

By JAMES F. OATES*
President, The Equitable Life Assurance Society of the U. S.
New York City

Insurance head avers it is high time bankers, insurance and business heads stop fencing with windmills and concentrate their attention—as do political leaders—on the political scene where the malignancy of inflation originates. Mr. Oates asserts that the fear of severe inflation—barring war—is groundless and a 2% price rise—possible within the present framework of fiscal responsibility and political-economic conditions—need not be condoned or be permitted to continue. To accept its inevitableness, he says, is to abdicate our will to control. Asks that we correlate Federal spending with receipts, and submits five principles to guide a national economic citizenship anti-inflation movement.

America today is the strongest power in the world and as the business upswing continues it will undoubtedly become even stronger. Its strength springs, on the one hand, from its abundant human, natural and man-made resources and, on the other hand, from its economic and political systems which are based upon the dignity of the individual man and foster the personal initiative and energy which have been so successfull, over the years, in developing the capacity to satisfy our wants and desires.


James F. Oates, Jr.

It is this very combination of law, economic philosophy and freedom of individual action that has stimulated and inspired the American people to seek out and utilize to the full our vast and God-given natural resources. In so doing, we have developed our man-made resources to the point that today our technology and the sheer volume of our uniformly high-quality capital plant and equipment is the envy of the entire world.

The growth in these assets over the years, both with respect to numbers and quality, has been a prime factor in the long sustained rise in our living standards. With current expenditures for pure research and product improvement and development on the upgrade and with increased emphasis on modernization of plant and equipment, there is every evidence that our ability to increase the living standards of America will continue to rise. As the recovery from the late and unlamented recession continues excess capacity will diminish and we will be faced once more, with pressing demands for capital funds.

Such funds can be obtained in three ways: by borrowing the savings of individuals and corporations, by borrowing from the commercial banking system or by using money printed on government presses. The latter two procedures are the least desirable inasmuch as the creation of new money or credit increases the money supply and concomitant inflationary pressures. Only by the transfer of funds from those who have saved to those whose spending needs are recognizably sound, can needed capital be supplied without imparting an inflationary bias to our economy.

The success of our free enterprise system depends upon continuing growth while at the same time maintaining a reasonably stable price level. The maintenance of price stability is essential; otherwise economic growth will not be sound and consequently will be both irregular and not long sustained.

Praises Mutual Savings Banks

The function of the mutual savings banks in promoting thrift, in accumulating savings, and in channeling these savings into the various productive pursuits that have operated so well to make America strong and healthy is, therefore, a most important role. Savings banks, over a long period of time, have been both considerable and significant in helping to satisfy the tremendous demand in this country for funds to build homes, to build plant and equipment, to bolster our military defenses and to help finance the schools, hospitals, highways and other needs that are so important to our individual welfare and to the well-being of our society at large.

Over the years mutual savings banks have become a large repository of accumulated savings. Consequently, additional roles were thrust upon them. They have become guardians and safe-keepers of the funds placed in their trust. They have become portfolio managers seeking the maximum return on their investments consistent with the safety of their assets and within the limits of state laws and regulations. They have added security to business undertakings. They have developed a proud record of service at the community level of economic growth.

The life insurance companies and other thrift institutions [illegible] promote individual self-reliance through savings. We too are a mighty repository of accumulated savings and a huge reservoir of investment funds. And we too channel savings, in a non-inflationary way, into segments of our economy whose capital requirements are most urgent.

Ubiquitous Threat of Inflation

The importance of our enterprises (mutual savings banks, life insurance companies, and other thrift institutions) in providing capital funds in a non-inflationary way cannot be overstated. The public's concern with inflation is one of the basic characteristics of our times and the ubiquitous threat of inflation constitutes one of our most threatening problems.

If inflation seems inevitable, then prompt and vigorous action must be taken by every responsible citizen to remove the pressures that are bringing it about; if inflation is not inevitable then we must convince the public that its fears and apprehensions are groundless.

Obviously, a good many people, today, have concluded that inflation is inevitable. This is the prime explanation for the recent drop in government security prices and the new record high levels in stock market prices. According to most informed observers and analysts, these two developments can best be described as a "flight of capital away from debt instruments and into equities." The investing public apparently anticipates increasingly severe inflation and is desirous of placing money where it is less apt to waste away.

Price earning ratios for common stocks have reached historic highs and prices of long-term United States Governments are near historic lows. This has led one reputable financial newsletter to observe, after serious and deliberate reflection, that either we are in a new era and ought to recast our thinking accordingly, or we are not in a new era and must ponder more carefully the ominous significance of these historical facts and relationships.

Need for Responsibility and Leadership

We in the mutual savings banks, the life insurance companies, and other thrift institutions have a great stake in ascertaining, analyzing and interpreting the facts bearing on inflation; we have a great responsibility to our depositors, to our policyholders and to the nation at large to present and anlyze these facts for the general public; and we have a great opportunity and challenge to assume the leadership in proceeding vigorously, first, towards removing inflationary pressures if they exist in real measure and, secondly, toward demonstrating to the people, as a whole, that their fears of inevitable and continuing inflation are without good foundation.

Your leadership in getting the facts across to the people and your action in implementing anti-inflationary measures will be another and significant addition to the contributions you are making toward the free enterprise system and general welfare of our economy.

It is suggested that the price rises in recent years have been both misunderstood and exaggerated. Let us look for a moment at the Consumer Price Index—the most comprehensive measure of goods and services that individuals buy. In the 1945-48 period, associated primarily with the immediate aftermath of war, and in 1950-52, a period that embraced a war, the Consumer Price Index rose by 5% or better per year. Since 1952, however, and despite a substantial price increase in the past two years, the price rise has averaged only 1½% per year.

The price rise in the immediate postwar period, 1945-1948, is, of course, explainable largely by the fact that the huge reserve of buying power built up during the war by business, banks and consumers was unleashed during a competitive scramble to acquire the still limited quantity of available civilian goods. This great demand for goods was itensified by the enormous pent-up desires of the public—desires which were denied during three and one-half years of war and the initial years of peace following the war. The price rise in the 1950-1952 period is similarly attributable first to the buying spree at the start of the Korean War induced by memories of shortages and second to the subsequent large-scale increase in military spending.

The only other postwar period in which prices rose sharply was in 1955-1958 when the Consumer Price Index registered a 3% per year increase. In 1955 we had the fantastic boom in consumer spending on housing and automobiles that was financed in part by a previously scheduled $5 billion tax cut and by an unprecedented expansion in consumer credit. In 1956 and 1957 record high investments in new plant and equipment were incurred as manufacturers strove to increase

Continued on page 26

*An address by Mr. Oates before the Group Five Savings Banks Association of the State of New York, Brooklyn, N. Y., Oct. 28, 1958.

Connecticut Brevities

Production employees of the **Borden Company** recently moved into the firm's new plant in Danbury. Described as one of the world's most modern plants for the production of precision bearings, the $2,500,000 one floor building contains an air conditioning system designed both for the comfort of 800 employees and the elimination of dust and moisture from areas where virtually absolute precision is required.

* * *

The Consolidated American Machinery Company of East Hartford has expanded its organization along the east coast and into South America. The firm, founded earlier this year, represents manufacturers of special machine tools applicable to the missile field. The sales-service structure of the company now has offices in Florida, New York, Massachusetts, Panama and Brazil.

* * *

The American Hardware Corporation of New Britain has announced that it has acquired in excess of 50% of the outstanding shares of Savage Arms Corporation. As a result of recent purchases of Savage Stock for cash, American Hardware now owns 385,852 shares of the 766,834 outstanding shares of Savage.

* * *

Arnold Bakers, Incorporated plans to move from Port Chester, New York to Greenwich where it will build a $2 million plant. The move will enable the firm to consolidate virtually all of its activities. Arnold currently employs some 500 people.

* * *

The Macalaster Bicknell Company of Connecticut located in New Haven has expanded its facilities through purchase of an adjacent building for an undisclosed amount. The addition, which provides twice the floor space formerly occupied by the company, will be used for stocking laboratory supplies and equipment. The company manufactures special glassware for experimental work.

* * *

A new corporation known as **North American Plastics Industries, Inc.** was organized recently in Mystic. The company does custom moulding, hand-layup and vacuum forming of fiberglass, reinforced plastics and urethane foams and supplies machine tool guards and enclosures. The firm, which has done work for government agencies and a wide variety of commercial accounts, has facilities to handle short runs and phototype, as well as full scale production run quantities.

* * *

Work was started on a two story addition to the **Connecticut Hard Rubber Co.** plant in New Haven. The addition is the third in the past two years and will provide an extra 10,000 square feet of production space. The company produces silicone rubber coated fabrics, aircraft parts and silicone rubber parts.

* * *

Hi-G Incorporated, manufacturer of precision electrical relays, plans to construct a one story 22,000 square foot plant in Windsor Locks. The firm expects to employ about 125 workers in the new plant which is scheduled for completion in March 1959.

* * *

The new $4 million plant of **Knox Glass, Inc.** in Danielson is now in production with an initial work force of 400 employees. Production at the 105,000 square foot plant will include several types of glass containers for use in food, beverage, drug, and cosmetic packaging. The plant is the first Knox facility in New England.

* * *

A 43% minority interest in Weser Flugzeugban, a West German aircraft manufacturer, has been acquired by **United Aircraft Corporation** of East Hartford. Weser, among the four largest German plane makers, will manufacture and sell helicopters designed by United's Sikorsky division. The agreement with the Bremen based firm is the second reached this year by United Aircraft with a former World War II foe. In April UAC agreed to let Mitsubishi Heavy Industries of Tokyo, Japan build and sell its Sikorsky S-55 under a royalty agreement.

William J. Sloan With Frank B. Bateman, Ltd.

PALM BEACH, Fla.—Frank B. Bateman, Ltd., 243 South County Road, National Distributors of Florida Growth Fund, announced that William J. Sloan has joined their organization.

Mr. Sloan was formerly President and director of Texas Fund Management Co.; Vice-President-Treasurer and director of Texas Fund Inc., and prior to that he was associated with Smith, Barney & Co., investment bankers, New York, for 28 years.

David Bunim Joins Burnham and Company

Burnham and Company, 15 Broad Street, New York City, members of the New York Stock Exchange, have announced that David Bunim, formerly Vice-President of Schenley Industries, Inc., is now associated with them.

Goodbody ¼ Century Club

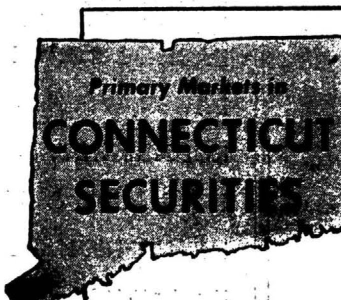
The Quarter Century Club of Goodbody & Co. held its 10th annual dinner at the New York Athletic Club.

Six new members were welcomed to the organization by Senior Partner Harold P. Goodbody, bringing the club's roster to 55. The inductees were: Anton A. Fensel, Lane W. Fizzell, Francis X. Prior, Christopher J. Schoen, Samuel Swackhamer and James J. Tigue.

Joins Westheimer Staff

(Special to The Financial Chronicle)

CINCINNATI, Ohio—Martin C. Petri is now affiliated with Westheimer & Co., 322-326 Walnut St., members of the New York and Cincinnati Stock Exchanges.



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Banks Must Face Competition By Marketing Bank Services

By BRADFORD A. WARNER*
Vice-President, Manufacturers Trust Company, N. Y. C.

Bankers no longer can independently sit back and ignore increasingly important business of marketing services related to money and credit. In making this point, Mr. Warner contends that bankers still confined to the traditional area of accepting deposits and making loans would be pursuing the analogous situation now confronting the railroads with respect to loss of business. To overcome commercial banks' falling behind in the race for the public's financial business, the banker offers suggestions on cultivating business and individual business, and directs attention to the importance of advertising.

Within the last year or so a new word has come into the vocabulary of many bankers. That word is "marketing." And it may well be that the new concept expressed by this word will displace the traditional concepts which have been long known as "new business," "business development," or "business promotion." Of course, in any community where there is more than one bank there has always been competition, and bankers have endeavored, in varying degrees, to solicit accounts which otherwise might have gone to another bank. This process naturally will continue, but it is only a part of the new and broader concept which is coming to be known as "marketing."

Bradford A. Warner

In order that we may understand the subject more clearly, let's first try to arrive at a more accurate conception of marketing. A market, in the narrow sense of the word, is a place where things are bought and sold. In the broader sense it is a group of people — a segment of the total public, if you please—who wish to buy what someone has to sell, or would wish to buy it if they knew about it. Next, we might ask the question, "What is a Bank? It may sound a little silly to ask such a question, but sometimes it is a bit tricky to try to define familiar things.

A technical definition of a bank might be an organization engaged in the buying, selling, exchanging, transferring, and sometimes issuing, money and credit, but for our purposes let's adopt a more simple definition and say that a bank is "a financial intermediary." In other words, a bank is an intermediary between those who have money and credit in excess of their immediate needs, and those who require it. The non-borrowing depositor has temporarily unneeded funds which the bank, as his intermediary, lends to a borrower, directly through loans or indirectly through the purchase of bonds. In recent years banks have become increasingly important as renderers of services related to money and credit, and it is in this field that the task of marketing may increase in even greater measure than in the traditional area of accepting deposits and making loans.

It is not difficult to understand why the traditional banker saw no need of marketing in his business, and indeed, many non-competitive bankers still see no need of it. But it is important nevertheless, as I will endeavor to demonstrate. The fact that banks, and the people who run them, have the power to grant or withhold credit has inevitably created a feeling—one might even say a "complex"—of power. One of the by-products of this "power complex" has been, traditionally at least, an attitude of independence on the part of bankers, a feeling that "the bank is here, let the public come to us if they need what we have." That sort of thinking made good sense when the banks were the only important financial intermediaries, but time has marched on and has created new conditions of competition which compel us to "market" our services if we would maintain our position and grow with the expanding economy.

*From a talk by Mr. Warner before the Kentucky Bankers Association, Louisville, Ky., Oct. 21, 1958.

Sounds a Warning

Although analogies are often inaccurate because no two situations are ever quite the same, it might nevertheless be well to draw a parallel between the situation of commercial bankers today and that of the railroads not so many years ago. Most of us can remember when the railroads had a monopoly in the transportation of persons and property. If you wanted to travel or ship goods from here to there you had to use a railroad—unless you were fortunate enough to live along a navigable waterway and could use a steamboat. But look at the situation now. Trucks and pipelines have taken over a major share of the heavy freight, and airplanes, buses, and the private automobile have reduced railroad passenger traffic to a shadow of its former self. Lest this analogy prove a bit frightening, let me hasten to say that this hasn't happened to the commercial banks **yet.** But the trend is running in that direction, and it could happen in the future unless something is done to reverse it.

In the work of the marketing sub-committee of the Public Relations Commission of the Association of Reserve City Bankers, of which I have the honor to be chairman, research has disclosed that the share of total assets of commercial banks in our entire financial system declined from 56% in 1900 to 44% in 1929 and 31% in 1956. A part of this decline, of course, was due to the growth of institutions like insurance companies — which serve fields which we cannot, or do not wish to, enter. However, a good part was due to aggressive non-bank competitors who took business away from us.

After once having grasped the somewhat startling fact that commercial banks have been falling behind in the race for the public's financial business, the question immediately arises, "What can be done about it?" This is where marketing comes in. First, let us review what we have to market.

What Banks Can Market

Broadly and generally, what we have to sell is service to business and service to individuals. We might conceive of a bank as a department store of finance, located in an office building. On the ground floor, where convenience of access is greatest, we serve individuals; on the upper floors we render service to business organizations. Taking all American commercial banks as a whole, our demand deposit (checking account) business breaks up about like this: Business organizations carry 10% of our number of accounts, but these accounts comprise 60% of our total demand balances; individuals carry 78% of the accounts, but only 30% of the total balances. (The remaining 10 to 12% is made up of such miscellany as farm operators, nonprofit organizations, trust departments, etc.) These percentages vary considerably with the size and location of banks, the general rule being that larger banks have bigger percentages of business accounts and balances than the smaller ones. So one might draw the corollary, the smaller the bank, the more important its business with individuals is likely to be.

It is a safe statement that every business organization needs a bank, so one might say that **all** business enterprises comprise a "market." The fact that getting business from corporations is often tied up with the extension of credit is so well known that I will not dwell upon it here, but there are other ways, such as arranging introductions or giving other special services. Large city banks are offering such types of services to commercial business as reconciling payroll account statements and paying freight bills. These services are contingent, of course, upon the carrying of compensating balances. So, to summarize, I might say that to cultivate your market among business organizations, the best course is to **know** your principals as well as you possibly can; **call** on them, find out what their **problems** are; and then try to **solve** them. Parenthetically, I agree with the findings of the Katonah Survey that bankers should always make appointments with their customers, and not just barge in without previous notice.

Attracting the Individual

Now to the biggest market—individuals. Businessmen generally have a pretty good idea as to what the major services of banks are, and to sell them, personal contact is usually sufficient. But many individuals simply **do not know** what banks can do for them, and this calls for a well-organized plan of public education. Just what is our market among individuals? It's a big one, and growing all the time. Market research indicates that nearly half the families in the United States do not have checking accounts. About half of our families, believe it or not, have no savings accounts, and some of these families are in the higher income brackets.

As a rule of thumb, our best market consists of individuals whose family income, before taxes, is $4,000 a year or higher, and this portion of the public has **doubled in size** in the past **eight** years! The number of families in the $4,000 a year and upward group is now estimated at 24 million, compared with only 12 million in 1950. There can be little argument that the family with over $4,000 in annual income **needs a bank,** and even less argument that the **banks need them** as customers.

It could be (and it has been) argued that there is no profit to a bank in handling small checking accounts, and, therefore, the banks shouldn't bother with them. But this myth has long since been exploded. Small depositors **do need** checking accounts, and they **will** pay adequate service charges if they are properly informed.

Another example of how banks can serve the individual of small means—and at very little cost to itself — has been the so-called "Register Check" personal money order. It is evident that the fees charged by post offices on money orders were much higher than the banks' cost of issuing them, thus creating a "market" for this service. The demand has far exceeded our expectations, and this year our bank will sell approximately two million Register Check money orders, an average of 8,000 per business day, which means $300,000 a year in additional gross income. As it takes only 13 seconds of clerical time to issue a Register Check, the direct "man-hour" cost is less than one cent. This is an example of how a bank discovered a new market and developed it at a satisfactory profit to itself.

Consumer Loans

It is now well known that it took the banks many years to discover that the field of personal and automobile installment loans was one of their best "markets." The traditional practice was to lend money to finance companies at "wholesale" rates, and these companies turned around and lent it to installment borrowers at "retail" rates, which were sometimes as much as seven or eight times as high as the so-called "prime rate" received by the banks. A few banks still do this, but even the conservative British banks finally decided last month to go into direct installment lending. Our bank, which does the second largest installment lending business in New York City, now makes over 600 of these loans on an average business day.

Twenty years ago many banks were reluctant to make installment loans to individuals because of fear of losses. That was because they hadn't studied their market. Actual experience over a 20-year period shows that the average loss ratio on these loans is less than one-quarter of one percent. And the market for installment loans, as measured by recent surveys, is at least 60% of the entire population.

At this point some may say, "This talk about markets, percentages of the population and hundreds of thousands of customers is all right for big city banks, but it doesn't apply to a

Continued on page 25

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Our Unsound Monetary System And Measures for Reform

By ROBERT de FREMERY
Vice-President, Onox, Inc., San Francisco, Calif.

California businessman contends the banking reforms of the 1930s have not removed the precarious danger inherent in our fractional banking system and that a return to 100% reserves—as propounded by the late Irving Fisher—is imperative. To save our free enterprise system, Mr. de Fremery also advocates giving to the government the exclusive right to issue money, making such money non-convertible, permitting all exchange rates to fluctuate freely, and overhauling our system of raising public revenue. The author finds no evidence that we can prevent another financial panic resulting from the "creation and lending of fictitious deposits," sees scant assurance in F.D.I.C., states our gold reserve is hopelessly inadequate, and believes our people must first be told the truth in order to achieve reform.

When Paul M. Millians, Vice-President of Commercial Credit Company, spoke before the 40th International Consumer Credit Conference in San Francisco on July 19, 1954, he made the following revealing statement: "Most of the 17 major depressions in American history have been money panics. . . . They were marked by a scramble of bank depositors to withdraw funds; restricted deposits; restricted credit; forced liquidation of bank loans; and forced liquidation of commodities."


Robert de Fremery

A very similar statement was made by J. W. Gilbart—one of the leading bankers in England during the latter half of the 19th Century: "It has been remarked that panics recur at regular intervals of about ten years each; nor can this be wondered at, seeing that the years 1825, 1837, 1847, 1857, and 1866 have, from various causes, been marked by the catastrophes so named. Judging by this recurrence of disasters at an apparently fixed period, it is not surprising that in the popular mind there seems to be a belief that a cycle exists, fated to bring in its train ruin to the monetary world and to millions outside of it. The dominant causes of the panics of the years specified, and their distinguishing characters, differ in some essential particulars. In one feature, indeed, they are all alike — the unreasoning fear which heralds, accompanies, accelerates and sometimes produces them." (J. W. Gilbart, *"The History, Principles, and Practice of Banking,"* Vol. 2, P. 334.)

These two men stated indisputable facts that are known to all who have a knowledge of business cycle theory. It is only the *interpretation* of those facts that leads to controversy among economists. One group claims that our banking system is basically sound and that panics are either due to causes originating outside the system or to abuses of that system. The other group claims that there is an inherent defect in our banking system that makes these panics inevitable. This latter group of economists has grown to such an extent that when the late Irving Fisher took a poll of the members of the American Economic Association in 1947 to determine how many of them favored reform of our banking system so as to remove the basic cause of bank panics, over 1,100 of them signified their approval — many of them well-known economists and heads of their departments at their respective universities.

Main Cause for Bank Panics

It is difficult to understand why anybody should be in doubt as to the main cause of bank panics. When men engage in a "run on a bank," they do it for a very obvious reason. They are afraid their money isn't there. They're afraid that if they don't withdraw the money they have a right to withdraw, they may lose it altogether. And their fear is perfectly justified under a system of fractional reserve banking. Their money is *not* there—nor is it anywhere. Only a small fraction of their money has an actual physical existence. All the rest of it is nothing but *book entries* against which the depositors can draw checks.

"How do the book entries come into existence?" you ask.

Our banks have the privilege of *creating* such book entries and lending them to the public so long as they maintain a certain minimum cash reserve. Hence, the name "fractional reserve banking." And in proportion as banks exercise this privilege of creating deposits and lending them, and as checks are drawn against these imaginary deposits and used to pay for goods and services and then deposited in other banks, the total amount of imaginary deposits grows. This means our banks become less and less liquid, i.e., less able to pay their depositors in cash if called upon to do so on a large scale. The more illiquid the banking system becomes—the more inevitable it is that a loss of confidence will occur. When it finally occurrs it takes either the form of a financial panic, or a contraction in business resulting from the fear that a panic or "credit crisis" may occur, or a combination of both as in the period 1929-33.

The fact that the National Bank Holiday didn't occur until 1933 has led many people to believe that the Great Depression which was heralded by the stock market crash in 1929 was not caused by the banking system. But as early as 1928 the financial advisers of some of our large corporations were getting increasingly uneasy about the weak condition of our banks. Faced with the likelihood of another financial crisis, the only sensible thing for them to do was to advise the curtailment of capital expenditures, a liquidation of inventories, and a reduction of indebtedness to the banking system. These very actions, of course, hastened the thing that was feared. But the fears were certainly justified — as later events proved: 1,352 banks suspended payments in 1930, and 2,294 suspended payments in 1931. Many of those who hadn't foreseen this financial trouble or who were lulled to sleep by Hoover's repeated assertions that the Federal Reserve System was panic proof, lost their businesses.

An economist for one of our largest banks, when confronted with the foregoing explanation of what it is that causes a loss of confidence at the height of each boom, attempted to disprove this theory with the following argument: The fact that our large corporations did not withdraw their bank deposits when they first began liquidating and curtailing operations is clear evidence they did not fear a collapse of the banking system. Had they feared such a collapse, he reasoned, the first thing they would have done is withdraw their deposits.

The answer to this is that for every dollar of bank deposits held by these corporations, there were hundreds of dollars in inventories that had to be liquidated. Their primary concern, therefore, was to liquidate their inventories *before* trouble with the banks developed. If they were so rash as to withdraw their bank deposits when they first anticipated trouble with the banks, they would have taken great losses because of their inability to liquidate large inventories produced at an inflated price and wage level.

Are Things Different Today?

Defenders of this unsound system of banking hasten to assure us today that things are different. They claim that the banking reforms made since 1933 have removed the possibility of another collapse such as we had in 1933. They point in particular to the Federal Deposit Insurance Corporation as a safeguard against wholesale bank failures. What they overlook, of course, is the fact that the basic weakness in our banking system still exists. We still operate on the assumption that the process of creating imaginary deposits is sound. The F.D.I.C. is nothing but a gimmick designed to bolster our confidence and trust in an untrustworthy system. Consider these facts: At the end of 1956, the savings and demand deposits of banks associated with the F.D.I.C. totaled over $218 billion. About $120 billion of this consisted of deposits that were under $10,000 and, therefore, insured by the F.D.I.C. Now, consider this: *There was only about $30 billion in currency in the country—much of it outside the banking system—and the F.D.I.C. had less than $2 billion in assets, of which only $4,221,686 was in cash.* (Statistics taken from the *Report of the Federal Deposit Insurance Corporation,* December, 1956.)

Of course the Federal Reserve System has the power to increase the amount of Federal Reserve Notes. But this power is limited by the amount of gold reserves held by the system. And gold, being an international commodity, has a way of flowing out of the country just when it is most needed . . . in fact we have lost over $1½ billion of that metal since Jan. 1, 1958.

Holds Gold Reserve Is Inadequate

Much nonsense has been written about the adequacy of our gold reserve. But as a matter of cold fact, our gold reserve is hopelessly inadequate should any trouble develop. In this connection it would be well for us to heed the warning contained in the June 27 bulletin issued by the Bankers Trust Co. This bulletin was devoted to an analysis of the gold outflow that has been taking place since the first of the year and still is taking place. Although they gave many reasons for believing we have nothing to worry about, *all their soothing arguments were negated by the last two paragraphs which read as follows:*

"One real hazard to the dollar could develop from the side of the Federal budget. *Should this country enter an era of large and uncontrollable budget deficits,* the inflationary implications for the domestic scene are very likely to be compounded by uncertainty abroad regarding the ability and intent of the United States to maintain the international purchasing power of the dollar over the long run. Under such conditions, it is not inconceivable that foreign funds could be withdrawn from this country in greater amounts than seem likely under present circumstances, that the outflow could be enhanced by strong speculative movements, and that the consequent inroads of the gold reserve could assume *disturbing propositions.*

"Even if acute fiscal emergencies are avoided, the trend of recent years indicates yet another basic hazard over the long term, namely, that the rise in production costs in the United States may eventually price more and more of our exports out of world markets. In the past, this prospect has been obscured by the parallel and generally more rapid progress of inflation among other leading nations. However, various countries abroad has recently demonstrated their determination to bring the inflationary boom under control and adjust their economies to the disciple of the balance of international payments. Should we fail to cope with rising costs and prices in the United States, our balance of payments could hardly escape deterioration over the years." (Italics added.)

Is there any doubt in anybody's mind as to whether we have entered "an era of large and uncontrollable budget deficits"? Senator Byrd has certainly made this point clear. And the migration of capital that is being invested in foreign countries is certainly clear evidence that we're going to have steadily increasing trouble with our balance of payments. So there shouldn't be much doubt that the inroads on our gold reserve *will* assume "disturbing proportions."

Can We Prevent a Financial Panic?

How can any man acquainted with these facts—and our largest corporations have such men on their staffs—help but lose confidence in the future? Can you blame these men for advising the curtailment of capital expenditures and the liquidation of inventories as has been done in the last 18 months? As the law now stands, nothing can prevent another financial panic. We are just as prone to another financial debacle as we were in 1929 when President Hoover begged us not to lose confidence in our banks. We were assured that the Federal Reserve System was designed to prevent a collapse of our banking system. We learned otherwise. And today we are being assured that the F.D.I.C. will prevent another collapse such as the one we had in 1933. But there is no sound basis for so believing.

The time has come for us to face the fact that there is no such thing as a sound method of insuring deposits in a banking system that operates on unsound principles. *The creation and lending of fictitious deposits is not a sound method of banking.*

Some people believe it is against the public interest to expose the inherent weakness of our banking system. I think it is against the public interest to keep people in ignorance of such things. Large financial interests have always been well aware of the defects in our banking system. They had to be to survive. They know how weak and unstable the system still is. Not only do they know how to protect themselves from the economic fluctuations caused by our credit banking system but many of them know how to profit by these fluctuations. Should plain citizens be denied the same insight?

Reform by Telling the Truth

The only hope of reforming this basically unsound money mechanism is to let our citizens know the truth. They alone have the political strength to bring reform. Unless the voters learn the truth about our financial system, they will sanction ever-increasing government controls of our economy as it continues to break down because of an unreliable money.

I can be accused, of course, of shouting "Fire!" in a crowded theatre. But I am not shouting . . . and there *is* a fire. There is a blaze that has been steadily burning away the foundation of our free enterprise system for 300 years. The spread of Communism, which all thinking people rightly fear, has been fostered very largely by our failure to put out this fire. As a matter of fact, Marx's writings received their first prominence four years after England made a half-hearted attempt to correct the basic weakness in her banking system. Under the Bank Act of 1844, banks gave up the right to extend credit by

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issuing notes that were not backed by gold. But they retained the right to extend credit by creating deposits against which checks could be drawn. Naturally the credit crises continued — 1847, 1857, 1866—and in the meantime full blame for the continuing *cycle* of business activity was gradually shifted from the banking system to the business world itself.

Now it is time to complete the reform that was started in 1844. And that is the basic premise behind Professor Fisher's proposal which received the support of so many economists throughout our country in 1947. He suggested converting our present system of fractional reserve banking into a system of 100% reserves. This can be done by converting our billions of dollars of imaginary deposits into actual deposits. And to keep our banking system on this sound basis we would have to take away the bankers' privilege of creating any further imaginary deposits.

Only the Government to Issue Money

If more money is needed in our country, and we'll need more as our population expands, it should be the function of government—and government alone—to provide the new money—*not* the function of a private banking system to provide us with imaginary deposits. Bankers should confine their lending activities to the lending of actual savings placed with them for that purpose and *not subject to withdrawal during the period of the loan.* They should no longer be allowed to lend their credit.

Having effected this reform, we need then only provide—by Constitutional amendment — that the supply of money *per capita* existing immediately after this reform has been made shall henceforth be maintained. When a further increase in our population necessitates a proportional increase in our supply of money, then Congress can authorize that increase as provided for in the amendment to our Constitution. In the words of Alexander Del Mar—one of the most scholarly and astute monetary historians that ever lived: "The more exact the limits of the volume of money are defined in the law of each State the more equitable will it become in its operation upon prices and the dealings between man and man." (*The Science of Money,* P. 129.)

Those who would like a more detailed analysis of how our banking system can be put on a sound basis can get this in my acticle, "Banking and Monetary Reforms to Preserve Private Enterprise," (*The Commercial and Financial Chronicle,* June 7, 1956, P. 13).

Favors Going Off Gold

The question is often raised: "What about gold? Would our new money be convertible into gold at the request of our citizens and/or foreign bankers?"

Certainly not. The idea that our money has to be convertible into gold in order to maintain its value is a superstition foisted upon us by the vested interests in gold. And those who don't think such a vested interest exists should heed the following statement made by the National City Bank Bulletin for June, 1940:

"A second important reason why gold is unlikely to lose its value is that not only the United States, but other countries as well, have large vested interests in gold. The British Empire alone accounts for nearly half the gold output of the world, and in many other countries gold production is an important national asset. These countries would not look with favor upon the displacement of gold as a monetary metal; and even in the event of political changes resulting from the war these vested interests will remain though possibly shifted to other national jurisdictions." (p. 70.)

Another superstition foisted upon the public is that an expanding foreign trade among freedom-loving nations necessitates having currencies convertible into gold. Exactly the opposite is true. (One of the best books on this subject is *International Monetary Issues* by C. R. Whittlesey). The periodic breakdown of trade—both national and international—that has had such disastrous consequences on the political and economic development of all countries is a direct result of unstable currencies which, in turn, were an inevitable result of having currencies supposedly convertible into gold on demand when, in fact, that much gold didn't exist.

The greatest boon to the development of world trade would be to divorce all currencies from gold and allow all exchange rates to fluctuate freely so as to correctly reflect changes in the amount of imports and exports of each country.

Overhaul Our Reserve Raising System

Before closing, I would like to point out that banking reform alone will not save our free enterprise system. We also need a complete overhaul of our system of raising public revenue. Both of these reforms must eventually be made if freedom is to survive. Neither of these reforms is a panacea—nor are both of them together a panacea. Our panacea is freedom. And a free economy cannot be expected to function properly without a sound monetary system and a sound method of raising public revenue.

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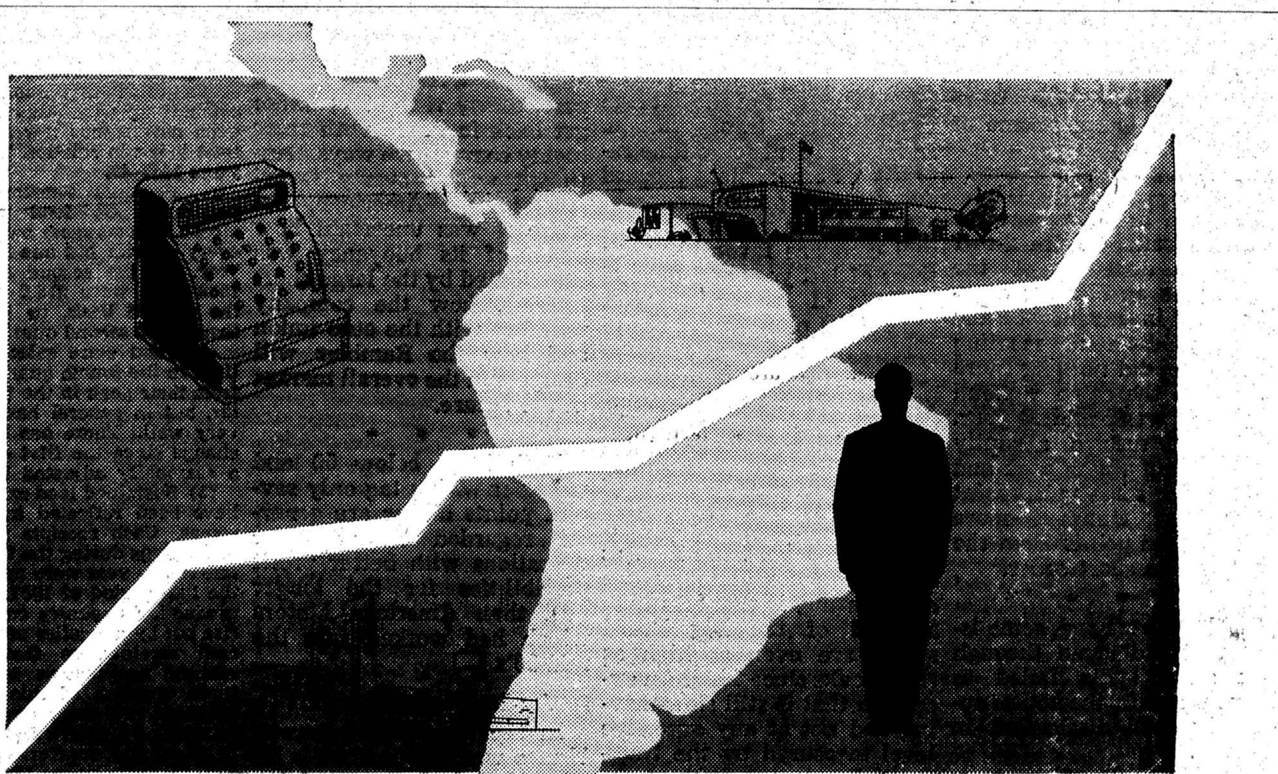

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THE MARKET . . . AND YOU

By WALLACE STREETE

Profit-taking picked up a bit more momentum this week as the industrial average continued to forge to new, record high levels with the rail and utilities indices in step but moving more modestly and well short of any all-time peaks.

* * *

There were also some frustrations in the flow of business news, notably a letdown in steel operations, plus some high hopes for stock splits and fatter dividends that were dashed to help spur some of the selling.

Split Disappointments

Eastman Kodak where the talk had ranged from 2-to-1 to 3-to-1 divisions of the shares was an obvious casualty even in advance of the directors' dividend meeting when they did nothing more than vote the same yearend extra that was paid last year. The stock reacted abruptly from posting a new peak and went in for some multi-point losses that trimmed more than a dozen points from the best price in short order.

* * *

On the other hand, some issues that did come through with stock splits failed to show much life, the action apparently well discounted in advance.

* * *

The other big hopeful was American Telephone where all sorts of expectations had centered and had been mostly responsible for lifting the issue to its best posting in 28 years. Yesterday only the regular dividend was declared, but without unduly depressing the stock.

Dividend Casualty

United Fruit was a rather conspicuous casualty after shaving its dividend since even up to the time of the meeting some of the services were fairly confident that a trim might be avoided. Similarly, the $2 yearend extra paid by du Pont last year was pared to $1.50, despite a good sprinkling of advices that there was no jeopardy, but du Pont traders had apparently been skeptical and the stock was able to hold well in the face of the action.

* * *

From a technical standpoint a reaction not only was more or less inevitable but even overdue. And when it came, it failed to bring out as much volume as advancing sessions had which, again, is considered a favorable technical implication.

* * *

Some new popularity also showed up despite the heaviness in the hitherto popular sections. Rails were able to offer a candidate for the spotlight, the persistent gainer being Norfolk & Western, and aircrafts were able to stand out in demand after a rather long hiatus. Hopes of a higher dividend are involved in this situation.

* * *

In the plane group, Boeing was the restrained item in the face of all the fanfare attendant on the start of the Jet Age in commercial transportation. In fact, it spent some time recently as a persistent laggard even though projections indicate that this year's earnings will compare favorably with those of last year and the full benefits of its success with the 707 jet plane won't be apparent until next year when the heavy wirteoffs of its development start to decrease.

Persistent Selectivity

Although the various indices would seem to indicate that the entire market is at ultra-high levels, the fact, as many commentators were commenting, is that less than a third of the Big Board stocks are even as high as their peaks since 1955. An exception that is still slow-moving and not at any excessive level measured by the traditional barometers is the long-neglected American Tobacco.

* * *

Although this issue has worked to its best standing in some time, it is still well under its record peak. Its indicated $5 payout still offers a comfortable better than 5% return and is still covered by anticipated earnings. In fact, with some of its brands starting to make a stir and the prospect of higher earnings next year, it is a candidate for a dividend improvement and is one of the quality issues, consequently, that hasn't yet reached overly optimistic levels.

* * *

Westinghouse is another quality issue that is still well below its 1955 level, never having recovered fully from a rather exhaustive strike. Its earnings only recently started to show more valid comparisons with previous periods and there is still the intangible of how the heavy equipment slump will affect next year's profits. In all, it has kept this stock restrained although it is a dominant factor in atomic energy, the so-called romance field, and is believed to be the only important atomic energy "firm" solidly in the black on this line of work. The atomic work in another combination might have induced far wider market action than it has for Westinghouse.

Motors Slow

The motor shares were generally quiet and slow-moving. There is still not enough solid evidence of new model reception to support a flat assertion that the motor companies are back in boom stride, and the slowdown in the recovery of steel operations would indicate that the motor firms are still buying cautiously. American Motors, of course, has been having an excellent year helped along by tax loss credits which will be used up this year. And that doesn't augur too well for American, particularly if the Big Three get back in stride with their highly competitive ways. Sentiment wasn't overly favorable toward American, because it was uncertain how much of its buoyancy was contributed by the large short interest, how the company will fare with the auto union and how the Rambler will compete in the overall market in the future.

* * *

Both Ford below 50 and Chrysler with a tag only several points higher are generally regarded as far sounder operations with better profit possibilities for the longer pull than American Motors which had worked into the mid-30's.

An Interesting Aircraft

In the low-priced aircrafts Temco was able to show a bit of action, including nudging to a new high. This issue is highly regarded by some market spectators because of its ability to show a modest increase in net for the first three-quarters of the year, its growing diversity and its own estimate that in the next three years it plans to do as much business as it did in the last dozen years with important help from its growing participation in electronics and missile work. It is not actually a plane firm, but produces assemblies for the other manufacturers, including Boeing, Lockheed, McDonnell, Bell, Raytheon, Aerojet-General and Fairchild which gives it a broader base on which to hold sales high, making it relatively immune to sudden contract switches by the military that can put a real dent in a single plane company.

* * *

Another and more completely electronic situation with its own group of followers was Tung Sol which has been showing steady progress over the years but is still available at rather conservative technical prices, including a profit-times-earnings ratio of less than 10 times, a yield around 4½%, etc. Part of the lack of favor currently is that the company so far has failed to declare a 3% stock dividend as it did last year which has helped to keep the issue restrained. The decision apparently was influenced by a poor first half. But like many other companies, Tung Sol experienced an upturn in the third quarter which, if it continues through the final one, could make the earnings comparison with last year far more pleasant.

[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.]

Food and Agricultural Outlook

By WILLARD D. ARANT*
Economist, Swift & Company, Chicago, Ill.

Food economist anticipates somewhat lower farm prices in all major groups but says the effect on consumer price index probably will be "quite moderate" because of rising cost of food processing and distribution. Turning to the general economic outlook, Mr. Arant guesses that the GNP will average about $465 billion and foresees government spending staying at a high level.

Food and agriculture have been one of the few bright segments in the economy this year. This has been reflected in several ways:

(1) Many communities in farming areas scarcely knew there was a recession. In fact, merchants often reported business was better than last year.

(2) Food prices were highlighted in the cost of living, which continued to rise through the recession until July. Food was only catching up with other items and even now stands lower than the total index in relation to the base years 1947-49.

(3) Personal consumption expenditures on food (including alcoholic beverages) have risen in every quarter but one in the past year. In the second quarter of 1958 they were $78.6 billion on the revised basis, or 4% higher than in the second quarter of 1957.

(4) Food store sales dipped a little in the fourth quarter of 1957 from their peak in the third quarter, but in general have held up very well. There has been little change since the first of 1958 on a seasonally adjusted basis.

(5) Sustained food expenditures have been reflected in farm incomes. Cash receipts from farm marketings during the three quarters of this year were up 11% over the like period of 1957. Farmers' production expenses continued to rise but by a smaller amount than cash receipts, so that farmers' realized net income in the first three quarters of this year was up about 19% from a year earlier. It reached a peak of $13.6 billion in the third quarter, which was the highest since 1953. (These figures represent the income of farm operators from farming. In addition, farmers received several billion dollars from non-agricultural sources. When you divide the aggregate income by the declining number of farm operators, you find that income per farm or per capita reached a new peak in 1958. Nevertheless, this new peak was only slightly higher than the peaks of 1951 and 1948, and since those years the non-agricultural population has advanced much more.)

Sources of Increased Farm Income

What has been the source of increased farm income? Going back to cash receipts from marketings, we find the increase has been divided almost equally between higher prices and greater quantities marketed.

Since we have customarily regarded farm commodities as having approximately unit elasticity, it seems a little surprising to find both quantities and prices rising together in a period when consumer income has been approximately stable. But it would be a mistake to apply free market concepts uncritically to present day American agriculture. What happened was that the price increases took place primarily in the uncontrolled products, such as livestock and fruits, while the increased marketings took place in the crops for which there are government price supports. It should be noted that the expression, "cash receipts from marketings" includes Commodity Credit Corporation purchases and loans; the commodity actually may not have gotten any farther on its way to market than a government warehouse.

Net farm income also includes direct government payments such as those for participation in the Soil Bank. Federal spending for the support of agricultural prices and incomes has been running about $4 billion annually and during the 1959 fiscal year is estimated at about $5.5 billion. This is in addition to the approximately $1 billion which the Federal Government spends for the financing of farm ownership and operation, rural electrification and telephone, conservation of land and water resources, research an administration. Much of this spending is in the form of loans and there is, of course, some eventual recovery.

Outlook of Abundance

The agricultural outlook for 1959 is one of abundance. Whether abundance is profitable for farmers or not varies by commodities. It depends on whether the commodity is supported by the government and the nature of that support. If a commodity is not supported, it depends on the elasticity of demand.

In the case of cattle and sheep, high prices and light marketings during the past year were associated with improved weather conditions in the Southwest. Better weather means more production, of course, but production takes time. Meanwhile, as herds are being rebuilt, there is actually less meat production than there otherwise would be. This particularly affects cows and calves. Both cattle and sheep herds are being built up substantially this year. The Department of Agriculture expects a continued increase in herds in 1959 and little change in marketings and prices. After that—in 1960 or 1961—there will be more production of beef, lamb and veal, and perhaps lower prices.

In the case of hogs, an increase of 15 to 20% in pig crops this fall and early winter is indicated with smaller increases after that. The hog-corn ratio is exceptionally favorable. Marketings will exceed year ago levels after the first of the year and the Department of Agriculture predicts that hog and pork prices will be appreciably lower. Since the demand for hogs is somewhat inelastic, this will tend to reduce farm income.

There will be little change in

Continued on page 36

*An address by Mr. Arant before the 6th annual conference on the Economic Outlook, University of Michigan, Ann Arbor, Mich., Nov. 3, 1958.

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European Ups and Downs on Free Trade and Common Market

By PAUL EINZIG

Well-known British economist explains motivating factors underlying France's recent about-face regarding European Free Trade Area; envisages retaliation by the governments of the proposed Free Trade Area, and reports one view that believes separate—though smaller—group trading areas would be more effective in offsetting the might of the U.S.S.R. than a large all-encompassing Free Trade Area. Dr. Einzig notes General de Gaulle can no longer differ with the French industrialists despite pressures on France from other governments concerned.

LONDON, Eng.—Ever since the discussions over the European Free Trade Area were initiated some two years ago the prospects of an agreement have been subject to ups and downs. At the moment they look pretty hopeless. In July last it appeared as though General de Gaulle made up his mind to overrule the opposition of French industrialists, and the matter was expected to proceed smoothly during the autumn. It did not appear unreasonable to assume that by the time the European Common Market begins to operate in January, 1959, a Free Trade Area Agreement would be concluded.

Dr. Paul Einzig

It now seems, however, that the optimism of four months ago was entirely unwarranted. The French Government has reverted to the attitude it adopted prior to the advent of General de Gaulle, and it looks most unlikely that between now and the end of the year any agreement could conceivably be reached. The difficulty is not disagreement over terms. French industrialists are opposed to the very idea of supplementing the common market with a Free Trade Area. They have thrown their entire influence into the balance and have succeeded in overruling the French Foreign Ministry which is very anxious to avoid a split in Western Europe and a deterioration of France's relation with Britain.

French-German Accommodations

German competition is much more dangerous for France than British competition, and yet French industry is prepared to accept the Common Market which includes Germany and is opposed to the Free Trade Area which includes Britain. The explanation is that, having accepted the Common Market, French industrialists are strongly opposed to exposing their products to British competition in addition to German competition. Moreover, they expect to be able to come to some arrangement with their German opposite numbers. A large number of cartel arrangements operate in both French and German industries and this provides an opportunity for coming to terms about dividing up the Common Market between them. On the other hand, it is inconceivable that such an arrangement would be practicable between the 17 countries that would be included in the Free Trade Area.

The change in the attitude of France since July may be explained partly on economic grounds and partly on political grounds. In the meantime recession fears have increased considerably, and with it grew the desire to protect the domestic markets. General de Gaulle is naturally anxious to avoid losing his popularity through contributing towards accentuating the recession in France as a result of increased British competition. He is not interested in economic questions but is able to appreciate their political implications.

Gen. de Gaulle and the Industrialists

What is much more important, General de Gaulle can no longer afford politically to defy the industrialists. In July he was able to do so with impunity because his new regime was based on the unconditional support of the French Army in Algeria. In any case the change of regime took place only a few weeks earlier and the industrialists had no opportunity to establish connections with the men of the new regime. Their political influence was at a low ebb. In the meantime relations between General de Gaulle and the Army leaders in Algiers have become less cordial. General de Gaulle chose to act independently on more than one occasion and presumably he intends to do so again should occasion arise. This means that he can no longer depend unconditionally on the support of the Army. It is expedient for him to strengthen his position by securing the support of the all-powerful industrialists. Otherwise he would be at the mercy of the utterly undependable political parties.

De Gaulle could no longer afford to antagonize the industrialists by disregarding their opposition to the Free Trade Area. It seems, therefore, most unlikely that between now and the end of the year he will throw into the balance his influence to ensure the conclusion of an agreement. It is necessary therefore to envisage the possibility of a breakdown of negotiations in spite of pressure brought to bear on France by her partners in the Common Market as well as by the Governments of the proposed Free Trade Area.

Possibility of Retaliation

There is much talk about retaliation on the part of the latter Governments, especially those of Britain, the Scandinavian countries and Switzerland. There is a strong feeling in these countries that if in January next the Common Market countries should begin to discriminate against their goods they should retaliate. It seems, however, that so long as discrimination is confined to higher tariffs there will be no retaliation. Only if France, and possibly other Common Market countries, should differentiate between the Common Market and other Western European countries in respect of quantitative import restrictions, would the latter countries resort to retaliation. There is also much talk about the setting up of a rival trading area between Britain, the Scandinavian countries, Switzerland and Austria. The importance of such an area would bear no comparison, however, with that of the Common Market. In any case it would take a long time before such a complicated arrangement could be completed.

There is a school of thought which does not consider the setting up of a Common Market as an unmitigated evil from the point of view of the Western European countries that are excluded from the arrangement. There is a better possibility of a close integration between a small number of countries occupying a contiguous geographical position than between 17 countries spread over the continent.

Optimists regard the Common Market as the first step towards the revival of the old Frankish Empire of Charlemagne. Should this materialize it would go a long way towards the restoration of equilibrium on the European continent. Such an economic and political unit with strong industrial resources and with highly intelligent manpower would become a factor of first-rate importance in world politics because it would go a long way towards offsetting the might of Soviet Russia. For the sake of attaining such results it would be well worth while for other Western European countries to sacrifice some commercial interests.

Named Assistant V.-P.

REDBANK, N. J. — Robert L. Boskey has been named Assistant Vice-President and District Manager of First Eastern Investment Corporation, 157 Broad Street.

Jack Stephen Skakandy, President of the firm, announced that Mr. Boskey, who was among the firm's original sales force and promoted to the position of Assistant Sales Manager in December of last year, will in his new capacity develop and manage the firm's sales force in Union, North Bergen and Hudson County.

John Kennedy Mgr. for Garvin, Bantel & Co.

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that John J. Kennedy has joined their firm as General Manager.

Phila.-Balt. Exch. Member

MIAMI, Fla.—Joseph A. Rayvis, President of Plymouth Bond and Share Corporation, Ainsley Building, has been elected a member of the Philadelphia-Baltimore Stock Exchange. Mr. Rayvis is President of Plymouth Fund, an open-end investment company, and a director of the Bank of Dade County, Miami.

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A Suggested New Way of Financing the Public Debt

By JOHN E. ROVENSKY*

Former Vice-President of the First Nat'l City Bank of New York
Former Chairman of ACF Industries

Treasury issuance of 2% tax free income consols with periodic and redemption adjustments for cost of living changes is proposed by Mr. Rovensky as a multi-purpose measure to: (1) solve the government's debt financing problems; (2) remove distorting factor of "free money" from the stock market; and (3) compel recognition of the folly of wage-price spiral. The business leader expresses deep concern about the tragic inroads and consequences of inflation, and fears "the flight from the dollar" will commence unless we try to stop it with "Stable Income and Principal Bonds."

In response to the Treasury Department's appeal for suggestions as to new ways of financing the Public Debt, I beg to submit the following plan:

John E. Rovensky

(A) Offer to the public an unlimited issue of bonds—purchaseable at par at any bank, post office, or Sub-treasury. The first issue to be issued Jan. 1, 1959, and known as "The 1959 Stable Income and Principal Bonds." All bonds purchased in January to receive the full year's coupon. Bonds sold later in the year would be at face value plus interest on a simple month by month basis or on a scale fixed in the offering.

In each succeeding year a similar issue would go out—to be distinguished by the issue year, that is, Issue of 1960, 1961, etc., and would be treated in the same manner as the issue of 1959.

(B) The bonds to have ten coupons attached — the first payable Jan. 1, 1960, next Jan. 1, 1961, etc., that is, interest would be paid annually. At the end of ten years, if the bonds remained unredeemed, a new set of coupons would be issued to the holder upon application to the Treasury. The first coupon payable Jan. 1, 1960, would be at the rate of 2%. The coupons for all subsequent years would have a blank space into which the holder would inscribe the amount then payable as defined herein.

(C) The bonds being income bonds would have no maturity but would be callable in any year at the pleasure of the government at the redemption rate herein defined.

(D) On or about Dec. 15, in each year after the first, the Secretary of the Treasury would publish his finding as to rate at which the then payable coupon is to be paid. This rate would be at the rate of 2% plus or minus the difference between the Bureau of Labor Statistics cost of living figure in December, 1958 (which usually comes out each year at about that time), and the corresponding figure for the then current year. For the sake of simplicity, fractions could be dropped and the rate fixed at the nearest rate in "dimes," that is, 2.60, 2.80, 3.10, etc.

In like manner should the government at any time desire to retire any particular year's issue, it would be redeemed at par, plus or minus the difference between the cost of living figure in the year of issue and that of the year of redemption.

(E) The interest and capital gain or loss (in the event of redemption of principal) shall be free of all income and other taxes—state and Federal.

*Text of a letter by Mr. Rovensky to Secretary of the Treasury Robert B. Anderson.

Present Situation

We have before us today the terrifying problem of inflation. It is radically different from the various types of former years. The latter were always "fed from the top"—usually due to the exigencies of government financing; excessive monetary increases caused entrepreneurs, bankers and businessmen to "Buy things, that is, flee from money." I studied a typical case; the German, at first hand in 1922. The Germans were prisoners of the Versailles Treaty—they couldn't possibly avoid inflation; business and professional men were being wiped out. Labor suffered most of all as their wages trailed far in arrears. All heartily opposed it and in time the problem was solved — not, however, until it had wrecked the lives of thousands.

Our situation is quite the reverse. Wages started up—as they normally should—during the war. Due to the lack of vision of our labor leaders—raises in wages continue to be demanded even when it's quite evident that the employer can't possibly meet them from profits and consequently they must be added to the price. Doubtless in many cases we have the same situation in labor as we have in politics—a leader fears his rival might oust him and he therefore feels compelled to continue the path of inflation just as our politicians feel they must out-promise their adversaries. They both go on the principle "What shall it profit me if I save the economy, but lose my job?".

Our sole hope is in awakening the public and making them realize the terrible dangers ahead—a very difficult thing to do in a country as lush as these great U. S. A. where life is so easy and pleasant as compared with the rest of the world. Our situation is very similar to that of ancient Rome — prosperous and powerful; weakening of the social structure—concluding with the conquest by vandals attracted by the richness of the spoils. However, we can't expect politicians to do much until they feel reasonably sure votes will not be lost by their action.

In the meantime the fixed income people (thanks to scientific progress, social security, and the almost universal pension programs, their number is each year rapidly increasing) are being squeezed to extinction. They feel robbed—they paid into the Social Security, Pension Plan or Savings Bank, 1920-1930, 1940 or 1950 dollars and now they are being handed dollars cut down to ½ size. It's a bare swindle if anyone borrowed a bushel of wheat from his neighbor and the following year brought him a peck measure of wheat with a bushel mark on it, he would be lucky if he escaped before the neighbor got the family shotgun down off the antlers in the kitchen.

These older people and all others who still have some capital left, after frantically scanning the horizon, are being forced into the stock market. The stock market since its inception has had quite a number of booms and their concomitant busts. The booms based sometimes on sound but grossly exaggerated facts; sometimes on pure mass psychology—were always greatly applauded—and the bust just as loudly deplored. Everyone is elated at the party the night before—but hates the morning after. However, this is the first time we have had a stock market boom based on a negative factor—FEAR. Many realize that present stock prices are excessive—but what else can they do? They know the evils of buying bonds and rush into stocks because they see no other avenue open to them. They hope they are "buying something tangible"—it's the beginning of "the flight from the dollar"—just like "the flight from the Mark" I saw in Germany in 1922. Toward the end, loans were absolutely and literally unobtainable in Germany—no one kept a mark overnight—he knew it would buy less the next day.

If the stock market were a reliable refuge from inflation, our problem would not be so serious. However, I'm afraid it isn't. Our depreciation rules and laws have created a cancer that's eating out the vitals of our enterprises. A company buys a hydraulic press for $100M. Its life is 10 years and at the end of that time, the company has $100M in the till from depreciation. However the new press costs $250M. The earnings of those 10 years had been overstated by that amount. There's nothing to do but dip into capital or borrow the $150M. Most companies are taking the latter course—and consoling themselves with the thought "We'll pay that debt in depreciated dollars." But—who is going to furnish those "depreciated dollars" if we don't stop this infaltion and reach a real "flight from the dollar" as they had in Germany. Obviously, the government — by some form of printing press magic — inflation further compounded.

Since the government will be called to do the financing—it will be strongly argued the government must, to protect their interest, **appoint the men to run the enterprises.** Result—exit the poor trusting shareholder and exit free enterprise. Of course we shall never dare call the result Socialism—oh, no—expanding Democracy or some other euphonious term will be coined. But it will be "Collectivism" no matter how you spell it.

These bonds would offer a haven of refuge for the man who doesn't want to speculate — he doesn't want to have any unearned gains—all he wants is honesty. He wants to get a reasonable return on what he put in and if he needs the principal he can sell the bond in the market for the value he really put into it.

This would take all the "fear money" out of the stock market where it doesn't belong and hence the stock market wouldn't be distorted by that factor.

It would solve the government's problem as to financing the public debt. There is no question in my mind that billions would come rolling in. In fact, the government would probably have to regulate the onrush by issuing only a certain amount and then letting the economy adjust itself before issuing more.

Pension funds — insurance funds, savings funds, as well as a lot of stock money, would dash in and the public would each year be vividly reminded of inflation's progress. Labor need not fear any restrictive laws—they would not be necessary. Wage boosts based on boosted prices would become unpopular; the consumer would see that HE pays the boost—the workingman being the greatest consumer would see the folly of it all. Labor leaders would no longer have to vie with one another in boosting the wage-price spiral.

We always did have and probably always will have a moderate wage-price spiral, but so long as it doesn't rob the individual of too large a percentage of his life's savings; that is, if, for instance, prices go up only 1 or 2% per annum—we can endure it—particularly if we have "Income Bonds" for those who are willing to sacrifice quantity for security.

This Plan has the demerit of being new and untried, but the Ruml Plan which made us pay our income taxes on the "Pay as you Go" principle, also sounded too new. We are faced with a radical situation and only a radical measure can meet it.

The usual measures — issuing government bonds at a sufficiently attractive rate; hocus pocus via the Federal Reserve banks, etc., can obviously give only temporary relief at the cost of ultimately adding to the permanent damage.

I have been told by some of my associates that the interest rate is too low. They claim the public has been accustomed to 2½ or 3%. That is true, but the tax exemption part in my opinion compensates for the low rate. I have also been asked—why not pay a higher rate and let the interest be subject to tax. The primary object of the plan is to present an opportunity to the public of putting their money into something they can count on—not subject to any later chiseling away which could be just as bad as the present inflation.

The French Rente was a highly successful instrument in French finance—and only the fact that it had no anti-inflation provision caused it to go into oblivion as the Franc shrank from 1/5th of the dollar to 1/400th.

Restoring Confidence in U. S. Government Bonds

By OSCAR GRUSS

Partner, Oscar Gruss & Son, New York City
Members New York Stock Exchange

Wall Street broker-dealer submits proposal to restore confidence and stability in the government bond market. Mr. Gruss would: (1) permit specified governments to serve as collateral up to 75 to 80% of Federal Reserve loans at ¼% above rediscount rate, but no higher than the coupon rate; (2) grant tax-exemption to the interest in the amount of the increase in the rediscount rate; and (3) provide a sinking fund. He believes this would help divorce government bond market from monetary policy and avert depreciation of existing issues of governments when rediscount rate goes up.

Today's world is divided into two systems, the capitalistic and the communistic. Unfortunately most countries in the capitalistic sector, outside of the United States, are capitalists with very little or no capital.

Oscar Gruss

The United States, due to its great wealth of capital, enjoys the best housing in the world, the highest standard of living, the most efficient telephone, public utility, railroad and airline systems, etc. These have all been made possible by the abundance of capital raised at reasonable rates in the money markets of this country.

The guarantee of the United States government has made it possible to create billions of dollars to finance the needs of the Bank for Co-ops, FHL, FHA, Federal Land Banks, Fannie Mae, The International Bank and many others.

Every investment portfolio previously held a sizable percentage of government securities. Recently the government **Bond Market collapsed because an orderly market was not maintained.** Now there has been an alarming trend away from this practice due to the instability of the market for securities of the United States Government, the safest investment in the world.

To restore confidence and stability, the government bond market must, to the greatest possible extent, **be divorced from the money policy of the Fed.** This could be achieved by:

(1) Acceptance by the Fed of specified government bonds as collateral for loans of 75-80% of market value at ¼% higher than the prevailing rediscount rate, **but no higher than the coupon rate.**

(2) Avoid depreciation of existing issues, due to advances in the rediscount rate, by granting tax exemption to the interest in the amount of the increase in the rate.

For example, an issue of 3¼% long-term bonds are marketed under a 1¾% rediscount rate. The rediscount rate is later raised to 2¼%. The bond would then pay 2¾% in taxable interest and ½% in tax free interest. If the Treasury finances later at a higher rate of interest, the tax exemption feature of the previous issues would serve as a cushion against large scale selling and demoralization of the market in the outstanding obligation.

(3) Provide a constant sinking fund for all medium and long-term issues and the operation of the sinking fund may insure an orderly market at all times.

Double Edge Sword in High Interest Rate

The high interest rate of government bonds is a double edged sword.

The difference between 2% in average which the government used to pay and 4% which the government bonds are yielding now, on a $280 million national debt, amounts to over $5 billion [illegible] s over 6% of the national budget of $80 billion, a very exorbitant proportion.

The municipalities are, at the present, taxed to the limit. High interest rate will prevent them [illegible] making capital improvements.

The municipalities used to sell their tax free bonds at 2%. On a $10 million capital investment, they had to impose a new tax of $250,000 annually, to cover $200,000 for 2% interest and $50,000 for ½% amortization.

Today the municipalities have to pay 4%, so for the same project they have to impose a tax twice as much, $450,000 to cover $400,000 for interest and $50,000 for amortization.

The confidence in U. S. Government bonds must be restored, otherwise there will reach a point where it will be hard to sell and distribute new issues to the public.

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Opportunities in Washington, D. C. And Local Securities

By RALPH S. RICHARD, M. B. A.*
General Partner, Johnston, Lemon & Co.
Washington, D. C.

Washington, D. C. partner singles out worthwhile security offerings of firms in the local area all of whose activities are not, however, necessarily nor exclusively confined to the District itself. Mr. Richard, in passing, believes investors have achieved a more successful performance from their investments in the local market than their investments in New York and other markets other than Washington, D. C.

A century ago, wise counsel advised young men to go West to conquer new horizons. It was claimed there were practically unlimited possibilities. In fact, what later turned out to be the most accurate predictions were mostly ignored as being unrealistic and ridiculous dreaming.


Ralph S. Richard

We have pretty much populated the new horizons. Our business and government has learned much from the many mistakes of the *laissez faire* periods. There have been many responses to the built-in stabilizers which have been inaugurated during the last three decades and I believe the most recent recession was arrested and the more favorable period we are now enjoying was at least partially a result of the effects of these built-in stabilizers.

With the development of the industrial age, all business organizations have had a tendency and trend to grow larger and more complex. These larger business organizations, both manufacturing and services, have increasingly demanded greater amounts of capital. Only the corporate form of organization drawing on the savings of many thousands of individuals could provide the needed funds for operations and expansion.

Throughout this land in every city of 50,000 population up, there have been many efficiently operated businesses which have offered outstanding opportunities for the investor to employ his savings.

The Washington, D. C., and surrounding areas are composed principally of services and very small light manufacturing companies. This, being the seat of our national and more nearly a world capital, has offered many opportunities associated with a steady high per capita income. In this environment we have seen develop some very successful local companies.

Compares Performance With New York Market

May I diverge for a moment to inject this thought. Over the years, most investors in Washington securities have enjoyed more successful performances from intelligent investing in our local markets than their migrations off to the more speculative New York, national and foreign markets. At least a part of this can be attributed to the greater element of promotion and strictly board room gambling associated with the New York markets. In most cases the uninformed eventually is left holding the overpriced items.

Although a number of our companies are listed on the exchanges, our principal markets are unlisted. The unlisted market is not well understood, but it is the largest market both in volume and dollars. It is our principal market in the United States and I always welcome an opportunity to defend it.

Specifies Local Firms

Briefly, let's go over the companies we have here:

(1) **Many Outstanding Banks:** They have provided excellent commercial and trust services to our communities. Earnings are average to below—but in most instances small dividend payouts. However, substantial profits have been made by the patient investors. Our local banks have some most able executives. Much of our constructive non-Federal fiscal policy has been authored by these local men. They are held in high esteem in financial circles in other parts of the country.

(2) **Utilities:** Potomac Electric Power Company and Washington Gas Light Company have provided low cost energy at much below the national average cost. Their dividend payouts have been about average. One of these issues has been about average and the other somewhat above average in appreciation. Virginia Electric & Power has been an outstanding performer and in my opinion is still likely in the future to be the outstanding utility in this area.

(3) **Department Stores:** Julius Garfinckel; The Hecht Company; and Woodward & Lothrop. All are excellent companies and rank among the better recognized merchandisers in the whole country.

(4) **Insurance Companies:** The Government Employees Insurance. This casualty company is one of the Horatio Alger stories of our time. It still possesses fantastic growth potential and is now national in scope.

Government Employees Life Insurance, where in nine years $1.50 original investment has enhanced to over $125.

United Services Life Insurance, which wrote over $60,000,000 in 1957 and has over $300,000,000 in force. Over 26 agents in the $1,000,000 class.

Peoples Life Insurance Company, in which a recent public offering unveiled to the public an outstanding growth record.

(5) **Drug Chains:** Peoples Drugs, the old stalwart, and the new Drug Fair, which with its many new well chosen sites and advanced merchandising practices, is making creditable strides.

(6) **Finance Companies:** State Loan & Finance Corporation. From a single Mt. Rainier office in 1935 to a national chain, seventh in size, with $80,000,000 in assets. An outstanding management and a real growth situation.

Lincoln Service and Government Employees Corporation have each multiplied investors funds several times over.

Personal Industrial Bankers, you know as Lenders, is making progress.

(7) **Restaurant and Hotel Line:** The Hot Shoppes is the most efficient operator on which there is public information. They have excellent management and are growing. Their motels will offer keen competition.

(8) **Under Special Finance:** International Bank operates a world wide officer finance service. Also, controls and is affiliated with many insurance and banking institutions in the United States and the Liberian Trust Company in Liberia. A Liberian subsidiary is the third largest registrant of merchant shipping in the world. This company should develop into an enormous organization. The potential staggers one's imagination. Every wise investing businessman should own some of these shares.

(9) **A Chemical in Southern Oxygen:** A conservative sophisticated management that is expanding at both ends of the Middle Atlantic area. As efficient in every respect as comparable operations by Union Carbide.

(10) **Real Estate Line:** National Press Building; National Mortgage & Investment; and a recent newcomer in Giant Food Properties, a shopping center chain.

(11) **Mutual Investment Companies:** Washington Mutual Investors Fund was the first company organized offering shares to the public in which all investments were chosen from those on the District of Columbia legal list. These shares for the first time offered to the public an opportunity to purchase a high grade list of securities legal for trust funds in one package and in any amount they desire to invest.

Atomic Development Fund — specializing in securities directly or in someway connected with the atomic energy field.

More recently each of these funds may be purchased through a monthly contractual plan, similar to an annuity payment of the proposed and recently discussed variable types. These payments may also provide life insurance which pays off any unpaid portion of the plan at the death of the insured. This offers an assured estate building plan at very nominal cost. There are some 12-14 such plans in the country.

But again, in our plan we are offering something new and better in which the commission charges are very much below any of our competitors and for a five year duration.

And there are many other companies, too numerous to mention here. Some with limited floating supply of shares.

Perhaps we would not be far out of line to include the municipal issues of Montgomery and Prince Georges, Arlington and Fairfax counties.

Engineering and Scientific Firms

There have been many very successful engineering and scientific organizations started in the Washington area. Our commercial banks have performed an indispensable service in their short-term financing of services in process and accounts receivable for many of these companies. Some, such as Melpar, Inc., have been amalgamated with national organizations. There are still other very original thinking groups here. For example, I have had occasion to examine an organization in nearby Virginia known as Intelligent Machines Research, which claims to have a basic patent on a so-called scanning device which can read all printed matter to almost perfect accuracy much faster than is humanly possible. In fact, their development work has resulted in the card punch equipment being speeded up from around 110 units to 180 units per minute. They claim their machine can read at a rate up to 600 units per minute. Their equipment is being used by the Bank of New York to process American Express Travelers Checks; the Southern Ohio Bell Telephone Company to process monthly statements; The Shell Oil Company; the Standard Oil Company; the Standard Oil Company of California; Socony Mobil, and, also, by The Farrington Manufacturing Company to process oil and gas charge tickets. There are many additional applications for this equipment and this company has attracted national attention with this new ingenious device.

It is not commonly known that from the time of their first public offering the Washington investing public has been the largest holders of Hecht Company, Potomac Electric Power and Washington Gas Light Company.

This Washington, D. C. area has offered and will continue to offer many outstanding opportunities to the investor for enhancement of his funds. In fact, we have definite clear-cut evidence by many years of performance to substantiate the fact that the grass is not greener on the other side.

*An address by Mr. Richard before the D. C. Bankers Association, Fiduciary Section, Washington, D. C., Oct. 21, 1958.

$28 Million Issue of Los Angeles S. D. Bonds Offered to Investors

An underwriting syndicate headed by Bank of America N. T. & S. A. merged with a Chase Manhattan Bank group to purchase three Los Angeles City School Bond issues totaling $28 million on Nov. 18. Other major participators in the underwriting group were The First National City Bank; Security-First National Bank; American Trust Company, San Francisco, and California Bank, Los Angeles.

The merged syndicate paid a $79,649 premium for $15 million Los Angeles City High School District Bonds; a $53,939 premium for $10 million Los Angeles City School District Bonds; and a $16,131 premium for $3 million Los Angeles City Junior College Bonds. All three issues carried a 3½% coupon, and the net interest cost to the districts was 3.45%.

The bonds were reoffered to investors to yield from 1.90% to 3.55%, according to maturity Dec. 1, 1959-1983, inclusive. Proceeds of the bond sales will be used for additions and improvements to the Los Angeles City Educational plant.

In the past 12 months Bank of American N. T. & S. A. underwriting accounts have supplied nearly $595 million for civic improvements required by California's rapidly expanding economy. The Bank and its underwriting groups, through successful competitive financing, provide an assured source of funds for all public facilities, such as schools, water and sewer systems and hospitals.

Grant, Fontaine Branch

WALNUT CREEK, Cal.—Grant, Fontaine & Co. has opened a branch office at 1521 Cypress Avenue under the management of Lester M. Grant.

build investment opportunities

In 1957, Puerto Rico's skilled, busy factory-workers produced goods worth $213 millions—2.4 times the 1950 figure. Modern Puerto Rico is making impressive, balanced economic progress.

Industrial plants in the Commonwealth now produce over 260 different articles, ranging from abrasives, electronic instruments and chemicals to fruit concentrates, jewelry, paints and petroleum products.

The energy and flexibility of Puerto Rico's labor force and the Commonwealth's dynamic program for all-round development are major factors in the integrity of Puerto Rico's credit. Investors will be well repaid for investigating the merits of the general obligation and revenue Authority bonds of Puerto Rico and the substantial tax-free income they assure.

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
Fiscal Agent for the Commonwealth of Puerto Rico

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37 Wall Street, New York 5, N. Y.

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Meeting the Problems as They Arise Between Canada and U.S.A.

By RT. HON. JOHN G. DIEFENBAKER*
Prime Minister of Canada

Despite a finding of improved relations occurring between Canada and the U. S. A., the Prime Minister reports problems in the area of trade and economics still persist. Mr. Diefenbaker declares a continuing discussion of trade and economic problems is needed to assure unity, recalls beneficial changes that have been and are being accomplished since his Dartmouth College talk of over a year ago, and advises we not try to placate numerous differing local demands of groups within each nation but, instead, treat each problem that arises in terms of realizing the economic strength and well being of each country as essential to the security of the other. Turning to the Soviet economic offensive, he stresses keeping each free nation economically strong and suggests the free world nations cooperate economically, as in defense, against the U.S.S.R.

It is one of the ironies of our common history that on the Plains of Abraham in 1759, a decision was made that North America was to be British rather than French, but that a few years later within this English-speaking family the debate was reopened and the question was whether or not North America was to be British; the American Colonies settled that question with finality. In this newly created nation were retained English thought, tradition and political experience. To it were added a New World experiment in self-government with the "rights of man" and "Natural Law"—ideas borrowed from the political thought of France. France in turn reabsorbed these ideas a few years later to provide some of the ideological fire for its own revolution.

John G. Diefenbaker

Since 1776 the story of freedom has been in remarkable degree the story of the English-speaking peoples spreading through many lands. In the 19th century the key role was played by peace-keeping Great Britain, and in the 20th, by a towering and powerful United States. Paradoxically, out of the separation of 1776 has come added strength to the liberty of men everywhere in the world and in ever-increasing measure Anglo-American friendship has become a major foundation for the preservation of free and democratic society in the Western World and the world as a whole.

In that friendship Canada shares, Canada and the United States have taken different yet parallel courses towards the kind of political sovereignty which each has found suitable to its people. Independence and self-government were attained in different ways—"in the United States by revolution, and in Canada by evolution." In going separate ways, each has been inspired by a common history, by a common heritage of institutions, by the eternal values of right and equal justice under law, and by a common international purpose — the maintenance of peace in Freedom.

Unity of the Two Countries

Both our countries have been able to bring about a unity among different races by welding together on equal terms and in freedom, English and French, German and Dutch, and all the races of mankind.

Canada, founded by two great races — British and French — has achieved something more — a unity and partnership between them which retains the best traditions of both.

The successful mingling of races in Canada and the United States furnishes a hope for all mankind — a hope of achieving peace among men irrespective of differences in race or nationality or creed.

Each of our nations is as sovereign and independent as the other;—while Canada is a monarchy, whose Queen is the Queen of Canada, it has to be reiterated that Canadians contribute to her nothing by taxation or otherwise.

Indeed, had the British Government listened to the request of the Olive Branch Petition, signed by 46 members of the Continental Congress, including John Hancock, John Adams, Benjamin Franklin, Patrick Henry, Richard Lee and Thomas Jefferson, the course of history would have been changed. This Petition, delivered to the British after the battles of Lexington, Concord and Bunker Hill had been fought, embodied the principles of the Statute of Westminster of 1931, upon which the Commonwealth is now built.

The ideas of the Founders of this nation expressed in that Petition have in the process of time become the cornerstone of the Commonwealth.

As Nicholas Murray Butler said, some 25 years ago:

"It is one of the most astounding things in the history of government that these men off in this distant series of colonies, economically in their infancy, financially helpless and dependent, had the vision of organization which has come now to all the British peoples. . . . So it is in the history of our race. Ideas, how slowly they travel; arguments, how slowly they are apprehended; action, how slowly it follows upon conviction."

Being agreed on the essential unity of our two countries, I wish to refer to the mandatory need of continued care and devotion to the maintenance of good relations. Some 14 months ago, speaking at Dartmouth College, I expressed the concern of many Canadian with respect to trade and economic relations. I underlined my views in these words: "I emphasize that the Government of Canada has as its duty and responsibility to consider Canadian interests first."

I adopted as my own words those ascribed to Mr. Dulles: "The purpose of the State Department is to look after the interest of the United States" — subject to the substitutions necessary to make them applicable to my country.

I further stated, and this had been made abundantly clear: "It is not now, and will not be, anti-American."

Many Canadians have concluded that there had developed an assumption that relations with Canada could be taken for granted, and that the flowering plants in the garden of United States-Canada relations required little or no nourishment or care.

Beneficial Changes

I feel reassured that beneficial changes have taken place in these relations since I spoke at Dartmouth 14 months ago. The plants in the garden are being more carefully nurtured; they are being trained up and guided, not left to grow jungle-wild. The process is not complete, and will never be for as Robert Louis Stevenson once truly said "the art of friendship was a capacity for continually repairing fences."

What then are some of the reassuring evidences of the improvement to which I refer? In answering this question I shall be more general than might be the case at other times less politically controversial than at the moment.

(1) I recall the visit of President Eisenhower and Secretary of State Dulles to Ottawa in July. On that occasion we examined in frankness and forthrightness and mutual confidence, matters of great importance to our two countries.

The measure of that frankness was evident in the President's speech to the Parliament of Canada in which, in Canadian surroundings, the points of view which guide the United States were reviewed.

May I divert here to say that a most encouraging aspect of events of the past year has been the manner in which the editorial writers and columnists of the United States and Canada have placed added emphasis upon examining and understanding the various points at issue, as well as to the many points of contact where we are in complete or substantial agreement. They have written with understanding—and, I believe, written more quantitatively and more frankly than ever before.

(2) Arising out of the discussions with President Eisenhower, a Cabinet Committee, to be known as the Canada-United States Committee on Joint Defense, has been provided for, which will consult regularly on matters bearing upon the common defense of the North American Continent which lies within the North Atlantic Treaty area.

This Committee, which will have its first meeting in the next few months, will not seek in any way to take over the technical responsibilities which belong to our respective Chiefs of Staff, or the advisory functions of the Permanent Joint Board on Defense, but will provide a close and intimate contact to the political leaders whose responsibility it is in the final analysis to decide on matters of the highest policy with respect to defense preparation. A clear understanding and identity of views in regard to the safeguarding of our peoples on this continent will be thereby assured.

(3) Another important move has been the action taken towards arranging on an organized basis an exchange of visits and regular exchange of views between the legislators of our countries.

I proposed in the House of Commons, the establishment of such a Committee, United States Senators Aiken and Capehart and Representatives Brooks Hays and Coffin have recently visited Ottawa to further the establishment of such a Committee and the first of these meetings will take place in Washington early in 1959.

(4) Then too, I should mention that joint United States-Canada Cabinet Committee on Trade and Economic Questions which in a meeting two months ago came to grips with various economic problems affecting our countries and in discussion revealed a mutual desire to assure fairness.

Imbalanced Trade

It is most important that our trade relations have regard to the rights of each of us. The United States is our largest customer but purchases from the United States far exceed by hundreds of millions of dollars our sales to the United States.

Only a month ago a Commonwealth Trade and Economic Conference took place in the City of Montreal. The theme of that Conference and its conclusion can be summed up as one not of (inclusiveness) but as an "expanding commonwealth trade in an expanding world economy."

Free World Economic Cooperation

As the free world must meet not only the military but the economic offensive of the U.S.S.R., I believe that it is the language of common sense that the nations of the free world must co-operate economically as in defense. To do less means that freedom can afford to allow the weakening economically of any of the free nations.

In this regard the recent extension by Congress of the Reciprocal Trade Agreements Act shows that the United States will continue to look with an open mind to the gradual evolution of an expanding area of multilateral trade. I was heartened by the stand taken by Congress this year in amendments to Public Law 480 which is of particular importance to Canada, dependent as my country is on major exports of wheat.

Rome was not built in a day nor can mankind in this era of space travel easily overleap the moon and progress must be made by progressive steps toward the assurance that the economic policies of each of us are consistent with the international objective which is the maintenance of peace with freedom. Both must recognize that with the diversification of our two countries it is difficult to reconcile the numerous differing and widely-separated geographical regions and economic groups within each of our nations.

If, in each of the problems that arise the leaders of each of our nations keep constantly before them the realization that the economic strength and well-being of each is essential to the security of the other, cooperation in economic affairs as in defense will be assured.

Conclusion

We will always have to meet problems as they arise but in the spiritual unity between Canada and the United States they will never be insoluble. That spiritual unity embraces a common approach to the decencies of civilized living, a common belief in the needlessness of poverty, of disease and illiteracy, a common faith in the eventual ability of men of goodwill to solve national and international problems are the ultimate and common beliefs of our people.

We are united, in international aims, purposes and ideals. Someone described the lives of those in this generation of cold war as moving always "between the tower and the abyss," the tower being the region of endless good possibilities in the development of man and society; the abyss is the disaster which will come if the tensions of recent years are not resolved by pacific means, knowing as mankind must now know that the arithmetic of scientific destruction is almost limitless.

In this world watershed of history there can be no divergence in the dedication of free men in unity. In facing the world-wide peril to freedom, we of the free world must in unswerving unity preserve those beliefs and traditions that make life not only worthwhile, but offer sure hope and inspiration to all mankind.

The great triangle of nations, Great Britain, the United States and Canada must continue with others of like mind in a common effort to assure new hope for the betterment of peoples who have been disenfranchised from the bounties of Providence. It is a primary duty to be our brother's keeper to those underdeveloped areas of the world and to give aid, both economic and technical, so that the gulf between their living standards and ours shall become narrower. Since we in North America are blest with more than our share of the good things of life, an over-riding mandate is that we must help those who have less.

In this crusade for freedom we are joined in a common pilgrimage to duty, a pilgrimage imposed upon us by the good fortune of geography, history and tradition.

I repeat what I said at Dartmouth, which still represents the situation now as it then appeared to me.

"Our two countries, with Great Britain, have a joint heritage of freedom. We are united in our determination to preserve our heritage of spiritual values that are dearer than life itself. To preserve that steadfast and undiminished unity that saved us in war, our governments, our peoples, must give due regard at all times to the problems of each other with infinite respect, tolerance and consideration."

"In the days ahead many grave decisions will face our peoples. In the last analysis, how Canadians and Americans and Britishers get along is a world test of 'neighborhood' international relations.

"In concord with the other free nations, the solidarity of Anglo-Canadian-American friendship is vital to the peace and well-being of the world and will provide the key to whether we succeed or fail in our great quest to maintain freedom for this and future generations."

*An address by Mr. Diefenbaker before the Pilgrims Society, New York City, Oct. 28, 1958.

Austrian Bond Issue To Be Sold in U. S.

The Republic of Austria filed on Nov. 13 with the Securities and Exchange Commission a registration statement relating to $25,000,000 external sinking fund dollar bonds due Dec. 1, 1973, which would be offered to the public about Dec. 3 by an underwriting group headed by Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. The bonds would be unconditional direct general obligations of the Republic of Austria. Principal of and interest on the issue would be payable in New York City in United States currency, or at the option of the bondholder, at fixed rates of exchange, in Vienna in Austrian schillings and in Frankfurt in Deutsch marks.

It is expected that concurrently with the offering of the bonds the International Bank for Reconstruction and Development (World Bank) will agree to lend the equivalent of $25,000,000 to the Austrian Electric Power Corporation and the Austrian Danube Power Works Corporation jointly, two Government-affiliated corporations.

Approximately one-half of the net proceeds of the sale of the bonds would be applied toward financing continuation of capital expenditure programs of the Republic, including electrification of the Federal railroads, automation of the Federal telephone system and construction of the 216-mile Vienna-Salzburg Autobahn. The remaining one-half of the proceeds of the sale of the bonds would be applied, as would be the entire proceeds of the World Bank loan, to financing, in part, construction of the proposed Aschach hydro-power project consisting of a dam on the Danube near the City of Linz and a generating plant to have a maximum total capability of 264,000 kilowatts.

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World Bank Bonds Sold

A new issue of $100,000,000 International Bank for Reconstruction and Development (World Bank) 4½% 15-year bonds was offered on Nov. 18 by an underwriting group comprising 181 investment firms and commercial banks and headed jointly by The First Boston Corp. and Morgan Stanley & Co. It was quickly oversubscribed and the books closed. The bonds, due Dec. 1, 1973, were priced at 100% and accrued interest.

The bonds are not redeemable prior to Dec. 1, 1968 except through the operation of a sinking fund. Under the sinking fund, the bank will retire $5,000,000 of the bonds on or before June 1, 1964 and on or before June 1 in each year to and including 1973. The sinking fund is calculated to retire 50% of the issue prior to maturity. From Dec. 1, 1968 the bonds are subject to optional redemption at prices ranging from 102½% to par.

As in the case of other World Bank issues recently sold in this country, the bank offered certain institutional investors the privilege of taking delayed delivery of the bonds on one or more quarterly dates from March 1, 1959 through Dec. 1, 1960. A commitment fee at the rate of three-quarters of one percent per annum from Dec. 2, 1958 to delivery will be paid by the bank to purchasers under the delayed delivery contracts.

The delayed delivery arrangement is expected to enable the bank to coordinate a portion of its borrowings with loan disbursements and also to make it possible for the purchasers to arrange payments to suit individual preferences in the light of their own projected cash positions.

This is the tenth issue of World Bank bonds to be marketed in the United States on a negotiated basis by underwriting groups headed by the First Boston Corp. and Morgan Stanley & Co. The last previous sale involved $150,000,000 of ten-year 3¾% bonds in May of this year.

Giving effect to the present issue, to delivery of bonds under delayed delivery contracts, and to amounts to be drawn down under a Deutsche Mark borrowing, the bank's funded debt will be $1,845,141,039 which includes $1,597,790,000 payable in U. S. dollars and the equivalent of $247,351,039 payable in other currencies.

From its establishment to Sept. 30, 1958, the bank had entered into loan commitments in an aggregate principal amount equivalent to $4,111,387,893 to finance programs or projects in 49 countries. The loan commitments effective and held by the bank as of Sept. 30, 1958, totaled $2,999,051,062, of which the undisbursed balance was $732,044,874.

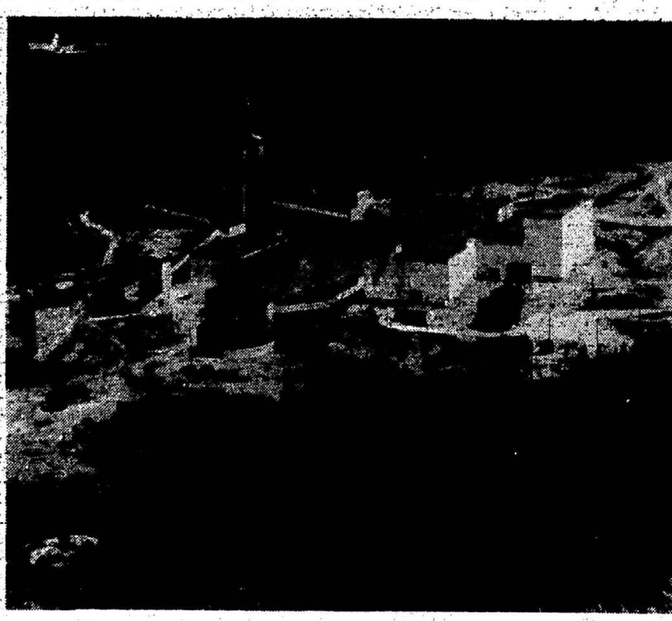
N. Y. Bond Club to Hear Fred'k Kappel

Frederick R. Kappel, President of American Telephone and Telegraph Company, will address The Bond Club of New York on "Private Enterprise and Public Affairs" at a luncheon meeting on Thursday, Nov. 20, at The Bankers Club, Harold H. Cook, Bond Club President, announced.

Fin. Advertisers to Hear

Carl Spielvogel, advertising columnist of the New York "Times," will address the monthly luncheon meeting of the New York Financial Advertisers at the New York University Club on Nov. 20. Kermit W. Schweithelm, Assistant Vice-President, Chase Manhattan Bank, will preside at the meeting.

$200 Million Investment Now Paying Dividends



Pictured above is a portion of Northspan Uranium Mines' "Spanish American" Property, one of the seven producing mines in the Rio Tinto Mining Company group. With Quirke Lake in the background, the picture shows the main mill buildings, production shaft and crushing house in the centre, with the boiler house at left. "Spanish American," a 2,000-tons per day operation, has its office and mine dry building to the left, not shown.

ELLIOTT LAKE, Ontario — At a cost of approximately $200,000,000 and a little more than two years of intensive preparation and mill construction, the Rio Tinto Mining Company of Canada Limited can proudly point to its achievement of bringing into full production its seven uranium mills in the Algoma area. Pronto Uranium mines, one of this group, is the first in the area to declare a dividend. This is for 75c per share payable Dec. 19 to holders of record Dec. 5.

Recently a group of about 30 newspapermen from New York, Toronto and Montreal were invited to what might be described as a "See it for yourself" tour of the properties and one of the most interesting developments was the stay at the Town of Elliott Lake. This town, which was an uncharted wilderness two years ago, now consists of 2,000 modern homes; a population of 15,000; modern hospital; schools; churches; shopping centers, and fine roads.

The Seven huge uranium mills of the Rio Tinto Mining Company of Canada have a combined capacity of over 19,000 tons of ore per day, which represents 60% of the entire production of the Algoma area. The dollar value of the daily uranium oxide production for Rio Tinto is $380,000. This uranium oxide is shipped to Port Hope, Ontario, to the Eldorado Mining & Refining Limited (Government-owned) where it is further converted into its finished form.

$630,000,000 in Government Contracts

At the present time the Rio Tinto group have Government contracts for a total of $630,000,000. These contracts expire in 1963 at which time they will be renegotiated. The industry hopes to have many new peacetime uses for the metal by that time and looks forward to a constantly expanding use of its products.

The Rio Tinto mines in the area are Northspan Uranium Mines, the largest in the group and consisting of the Lacnor, Panel and Spanish American mines. Second largest is Algom Uranium Mines Ltd. which consists of two mills — Algom Quirke and Algom Nordic. These are followed in size by Milliken Lake Uranium Mines and Pronto Uranium Mines Limited.

In addition to the uranium companies in Algoma, Rio Tinto Canada is providing management for a copper prospect near Blind River, Ontario, Pater Uranium Mines Limited, and for a gold mine, Preston East Dome Mines Limited at South Porcupine, Ontario, for a second copper prospect in northern Saskatchewan, Anglo-Rouyn Mines Limited, and for a small operating uranium mine, also in Saskatchewan, Rix-Athabasca Uranium Mines Limited. And more than $500,000 is being spent this year in exploration for additional mineral deposits in Canada.

Rio Tinto's Management Slate

Officers of The Rio Tinto Mining Company of Canada Limited include Joseph H. Hirshhorn, Chairman of the Board; Hon. Robert H. Winters, President; Dr. E. B. Gillanders, Executive Vice-President; W. B. Malone, Vice-President and Treasurer; Dr. D. R. Derry, Vice-President (exploration); W. H. Bouck, Vice-President (legal); Henry Blaise, J. N. V. Duncan, Sam Harris, Sen. S. A. Hayden, Rt. Hon. C. D. Howe, B. R. P. MacKenzie, Leo Model, Frank Petito and Sir Mark Turner, directors.

Chicago Exch. Members

CHICAGO, Ill. — The Executive Committee of the Midwest Stock Exchange has announced the election of the following as members of the Exchange:

George M. Grego, Jr., Denyven, Salvatore & Grego, Chicago, Illinois; Robert W. Haack, Robert W. Baird & Co., Milwaukee, Wisconsin; and Robert A. Podesta, Cruttenden, Podesta & Co., Chicago, Illinois.

John Muir & Co. Admits Richard D. Foer

Richard D. Foer, member of the New York Stock Exchange, was admitted to partnership in the New York Stock Exchange firm of John Muir & Co., 39 Broadway, New York City, on Nov. 6th.

John Muir & Co. was established in 1898.

Los Angeles Bond Club Sports Luncheon

LOS ANGELES — The Bond Club of Los Angeles will hold its Seventh Annual Sports Luncheon on Thursday, Nov. 20th, at the Biltmore Hotel, Los Angeles. Nationally known personalities from the world of sports invited to attend include Casey Stengel, Del Crandall, Red Patterson, and football coaches Don Clark and Bill Barnes. Among those speaking to the members and guests of the Bond Club will be William H. "Bill" Nicholas, General Manager, Los Angeles Memorial Coliseum Commission; and Mike Pecarovich, formerly of Notre Dame and now football coach at Loyola. Doodles Weaver will provide further entertainment.

Braven Dyer, sports columnist of the "Los Angeles Times," will act as Master of Ceremonies, and the members and guests will hear the latest news and predictions on California and national sports events.

Stern Admits Loewy

Herbert E. Stern & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, have announced that David J. Loewy has been admitted to general partnership in the firm.

Mr. Loewy, who has spent his entire business career in the financial field, was previously associated with Lehman Brothers for the past 17 years.

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Good reading for every investor

For example, in the current issue you'll find a fascinating article about how a major mineral producing company's unique and highly successful incentive plan helped boost net profits from $144,000 to $2.3 million in ten years. There's a fresh report on cash dividends for the first nine months of 1958. It shows how sharp dividend increases by five groups made possible the 16th consecutive new peak in dividend payments. Also included is a review of the top 50 stocks favored by Monthly Investment Plan shareowners. It is interesting to note that only seven stocks out of fifty hold the same popularity ranking as they did a year ago. There are articles on convertible bonds, preferred fluctuations, shareowner growth and many other topics close to the investor's pocketbook.

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NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Negotiations for a merger by which **Chase Manhattan Bank, New York**, would absorb **Clinton Trust Co., New York**, are under way. But beyond a confirmation of that fact, representatives of both banks declined further comment at this time.

Acquisition of Clinton Trust, with Sept. 30 resources of $42,-446,000, would strengthen Chase Manhattan's claim to recognition as the city's biggest bank and the country's second largest.

In resources, Chase's Sept. 30 statement showed a total of $7,-536,598,095, which placed it ahead of **First National City Bank** itself, but about $10,000,000 behind that bank and its affiliate, **City Bank Farmers Trust**, together.

* * *

The First National City Bank of New York has promoted Charles A. Stern to Assistant Cashier. Mr. Stern heads up the sale and promotion of First National City Bank Travelers Checks.

Mr. Stern joined the bank's affiliate, **City Bank Farmers Trust Company, New York**, in 1943. In 1951 he was assigned to the Bank and for the past several years has been actively associated with the promotion of travelers checks.

* * *

The appointment of Thomas J. Foley as an Assistant Secretary of **Manufacturers Trust Company, New York**, is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Foley joined the bank in 1929. He is assigned to the Comptroller's Department in charge of the Account Index at 44 Beaver Street.

Mr. Foley originated the idea of the Personal Gift Check which has become a nationwide bank service since it was first introduced by Manufacturers Trust Company in 1945.

* * *

Manufacturers Trust Company, New York, announces the opening of its 114th branch office at 21-21 Broadway, Astoria, Queens on Nov. 17. Vincent J. Boller is appointed officer in charge.

* * *

Joseph C. Bickford, in charge of Investment Information Group, and H. Carleton White, head of the Finance Companies Group of **Bankers Trust Company, New York**, were named Vice-Presidents Nov. 13, it was announced by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore also made known the election of Edgerton P. Jennison as Assistant Vice-President in the Investment Information Group and of Theodore Sedgwick as Assistant Vice-President in the Foreign Division. Named to the official staff of the company as Assistant Treasurers were Edwin H. Curtiss, of the Foreign Division and Louis G. Kreutzer, of the Metropolitan Division.

Mr. Bickford, whose group is responsible for providing information and advice for correspondent banks and institutions, joined the company in 1927. He was named an officer in 1945 and elected an Assistant Vice-President in 1946.

Mr. White began his banking career with the **Marine Trust Company of Western New York** and joined Bankers Trust Company's credit department in 1944. Mr. White was named an Assistant Treasurer of the bank in 1951 and an Assistant Vice-President in 1954.

Mr. Jennison started with Bankers Trust Company in 1921 as a page.

Mr. Sedgwick joined Bankers Trust Company in 1952 after more than 23 years' experience with the **Irving Trust Company, New York**. He was named an Assistant Treasurer of Bankers Trust Company in 1955.

* * *

Albert C. Simmonds, Jr., Chairman of the Board, **The Bank of New York**, gave a luncheon in honor of the 50th Anniversary of Henry E. Burr, Assistant Trust Officer, on Nov. 17.

Mr. Burr began his banking career with **the Fifth Avenue Bank, New York**. Since the merger of that Bank with The Bank of New York, he has been a member of the Trust Department at the main office at 48 Wall Street.

* * *

George O. Nodyne, President of the **East River Savings Bank, New York**, on Nov. 17 announced the election of Charles J. Mylod as Chairman of the Executive Committee. Mr. Mylod succeeds the late Edward F. Barrett.

* * *

The trustees and officers of **East River Savings Bank, New York**, announce a preview of the bank's new office at 110 William Street, New York, N. Y., on Nov. 25.

* * *

Leo M. O'Neil, Chairman of the Board of Trustees and former President of the **East Brooklyn Savings Bank, Brooklyn, N. Y.**, died Nov. 14.

Mr. O'Neil became a trustee of the East Brooklyn Savings Bank in 1936 and its President in 1942. He held the latter position until Jan. 1, when he became Board Chairman. Mr. O'Neil was a member of the advisory board of the Brooklyn Trust branch of the **Manufacturers Trust Company, New York**.

* * *

Herman H. Maass, President of the **Security National Bank of L.I., N. Y.**, announced that the bank's 24th Long Island office will be opened in Melville, Huntington Township.

Mr. Maass said a temporary office will be in operation within a month. A permanent building will be constructed to serve as the headquarter for the Melville office and certain administrative operations.

The new Melville office will become Security National's 17th location in Suffolk County.

* * *

Dr. Joseph E. Hughes, Chairman of the Board of Directors of **The County Trust Company, White Plains, N. Y.**, on Nov. 12 marked 30 years of service with the bank.

Former President of the **Washington Irving Trust Company in Tarrytown, N. Y.**, Dr. Hughes joined The County Trust Company as President and director when the two institutions merged in 1947. He became Chairman on July 1, 1957. Under his leadership the bank has grown in deposits from $120 million in 1947 to more than $400 million today and in number of offices from 17 to 39 during the same period.

B. Fred Langworthy, Assistant Treasurer in charge of the Westchester Avene office of **The County Trust Company, White Plains, N. Y.**, completed 25 years of service with the bank on Nov. 14.

Otto Salvesen, Vice-President and Auditor of **The County Trust Company**, completed 30 years of service with the bank on Nov. 15.

* * *

John A. Kley, Executive Vice-President of **The County Trust Company, White Plains, N. Y.**, on Nov. 13 was elected to the bank's Board of Directors.

Mr. Kley has been with The County Trust Company since 1937 and was named Executive Vice-President in July, 1957.

* * *

Frederick Sundermann was elected Executive Vice-President of **National Bank of Westchester, White Plains, N. Y.**, at the bank's monthly board meeting on Nov. 13, Ralph T. Tyner, Jr., Board Chairman, announced. Mr. Sundermann has been Vice-President in charge of administration.

Mr. Sundermann joined National Bank of Westchester in March of 1955 coming from **Manufacturers Trust Company, New York**, where he was an officer in the Correspondent Banking Division.

Mr. Sundermann started his banking career with **First National Bank & Trust Company of Tuckahoe, N. Y.**, in 1936.

Also announced was the election of Dr. Eugene Saberski to the Board of Directors of National Bank of Westchester. The action was taken at the regular monthly meeting of the board on Nov. 13. Dr. Saberski was formerly a member of NBW's Tarrytown Advisory Board.

* * *

Scarsdale National Bank and Trust Company, Scarsdale, N. Y., increased its common capital stock from $200,000 to $400,000 by a stock dividend, effective Nov. 7. (Number of shares outstanding—20,000 shares, par value $20.)

* * *

By the sale of new stock the common capital stock of **The Mohawk National Bank of Schenectady, N. Y.**, was increased from $750,000 to $875,000, effective Nov. 7. (Number of shares outstanding—35,000 shares, par value $25.)

* * *

William I. Tucker, President of the **Vermont National and Savings Bank, Brattleboro, Vt.**, announced major building expansion plans. This renovation has been made necessary due to the expanded requirements of the bank brought about by the unification on June 30, of the **Vermont Savings Bank** with the **Vermont-Peoples National Bank of Brattleboro, Vt.**, which changed the name of the bank to Vermont National and Savings Bank, Brattleboro. This has resulted in the bank being the oldest and largest commercial bank in Vermont with assets of over $42 million.

* * *

Merger certificate was issued approving and making effective, as of the close of business Oct. 31, the merger of **The Torrington National Bank and Trust Company, Torrington, Conn.**, with common stock of $600,000, into **Hartford National Bank and Trust Company, Hartford, Conn.**, with common stock of $11,000,000. The merger was effected under the charter and title of Hartford National Bank and Trust Company.

* * *

Harry C. Zimmer has been elected President of the **Commercial Trust Company of New Jersey** to succeed William J. Field. Mr. Field is retiring as of Dec. 31, but will continue as Chairman and as a consultant.

Mr. Field was with the **Hanover National Bank of New York**, now the **Hanover Bank, N. Y.**, for 10 years before joining Commercial Trust in 1900.

Mr. Zimmer, who has been Executive Vice-President, joined the Commercial Trust's credit department in 1924.

* * *

Stewart G. Lockhart has been appointed Assistant Manager of the Gateway Center Office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, Frank R. Denton, Vice Chairman of the Bank, announced.

Mr. Lockhart came to Mellon Bank in January, 1952. In December of that year he was transferred to the Gateway Center Office, where he has been engaged in all phases of banking.

* * *

Craig G. Ford, Herbert Henderson and Robert J. Stark have been appointed Assistant Cashiers of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, Frank R. Denton, Vice-Chairman of the bank, announced.

Mr. Ford came to Mellon Bank in July 1956. After completing the management training program he was assigned to the Methods Division.

Mr. Henderson started his banking career in 1926 with **The Union Trust Company of Pittsburgh, Pa.** He joined Mellon National Bank in 1946 at the time of the merger of the two banks and at present is in charge of the Insurance Division.

Mr. Stark came to Mellon Bank in October 1951, and was assigned to the Tabulating Division.

* * *

The St. Michael National Bank, St. Michael, Pa., with common capital stock of $50,000, has gone into voluntary liquidation by a resolution of its shareholders dated Sept. 3, effective at the close of business Oct. 31. Liquidating agents or committee: C. H. Hunt and John Puto, care of the liquidating bank.

Absorbed by: **Windber Trust Company, Windber, Pa.**

* * *

First National Bank and Trust Company of Red Lion, Red Lion, Pa., with common stock of $225,-000; and **The First National Bank of Stewartstown, Stewartstown, Pa.**, with common stock of $50,000, have merged, effective as of the close of business Nov. 1. The consolidation was effected under the charter and title of First National Bank and Trust Company of Red Lion.

* * *

The Bradford National Bank, Bradford, Pa., with common stock of $600,000; and **Citizens National Bank of Bradford, Bradford, Pa.**, with common stock of $200,000 consolidated, effective as of the close of business Oct. 31. The consolidation was effected under the charter and title of The Bradford National Bank.

* * *

The First National Bank of Carrolltown, Carrolltown, Pa., with common stock of $50,000; and **The American National Bank of Ebensburg, Ebensburg, Pa.**, with common stock of $100,000, merged, effective as of the close of business Nov. 1. The consolidation was effected under the charter of The First National Bank of Carrolltown and under the title **The Carrolltown American National Bank.**

* * *

Merger certificate was issued approving and making effective, as of the close of business Oct. 31, the merger of **The New Augusta State Bank, New Augusta, Ind.**, with common stock of $100,000, into **The Indiana National Bank of Indianapolis, Indianapolis, Ind.**, with common stock of $12,500,000. The merger was effected under the charter and title of The Indiana National Bank of Indianapolis.

* * *

The common capital stock of **The Rock County National Bank of Janesville, Wis.**, was increased from $100,000 to $200,000 by a stock dividend, effective Nov. 4. (Number of shares outstanding—2,000 shares, par value $100.)

* * *

H. M. Knipfel, President of the **St. Paul Bank for Cooperatives, St. Paul, Minn.**, died Nov. 14. His age was 62. Mr. Knipfel joined the bank in 1934, became Secretary in 1935, Vice-President in 1949, and President in 1952.

* * *

The directors and stockholders of **The Wilmington Savings and Trust Company, Wilmington, N. C.**, and **Wachovia Bank and Trust Company, N. C.**, have approved a merger of the two banks and plans are now being made to complete this merger on Nov. 17.

The same officers and staff will continue to serve.

* * *

The common capital stock of **The First National Bank at Orlando, Fla.**, was increased from $1,-700,000 to $1,800,000 by a stock dividend, and from $1,800,000 to $2,000,000 by the sale of new stock, effective Nov. 5. (Number of shares outstanding—100,000 shares, par value $20.)

* * *

Shareholders of the **Republic National Bank of Dallas, Texas**, on Nov. 14 voted approval of plans for increasing capital and surplus of the Bank to $100,-000,000, it was announced jointly by Karl Hoblitzelle, Chairman of the Board, Fred F. Florence, Chairman, Executive Committee, and James W. Aston, President of the Bank.

Simultaneously with the effective date of the increase, The Howard Corporation et al, wholly owned in trust for the shareholders of the Bank, will make payment of a $2,000,000 cash dividend to the Bank.

Ratified at a special meeting of the Bank's shareholders proposals, when completed, will provide for:

(1) A $13,000,000 increase in capital and surplus of the Bank, bringing capital and surplus to $100,000,000;

(2) Issuance of a stock dividend of 89,428 shares of the Bank's $12 par value stock, being 3% of the 2,980,950 shares currently outstanding, to be distributed to shareholders without cost to them, and

(3) An offering of 85,170 new shares of the Bank's stock, with preemptive rights to the shareholders of record as of Nov. 14, 1958, at $60 per share. Basis for this offering is to be one share for each 35 shares currently outstanding.

Issuance of the stock dividend and completion of the increase in capital stock will be effective upon formal approval by the Comptroller of the Currency. Previous article appeared in the column on Oct. 30, page 1786.

* * *

The Greenville National Exchange Bank, Greenville, Tex., increased its common capital stock from $250,000 to $500,000 by a stock dividend, effective Nov. 5. (Number of shares outstanding—50,000 shares, par value $10.)

* * *

By a stock dividend, **The First National Bank of Orange, Calif.**, increased its common capital stock from $300,000 to $400,000, effective Nov. 10. (Number of shares outstanding — 16,000 shares, par value $25.)

Chicago Inv. Women

CHICAGO, Ill. — After their 6 p.m. Dinner on Monday, Nov. 17, at the Chicago Bar Association, the Investment Women of Chicago held a Discussion Meeting on "Governments."

The Panel was composed of Eleanor B. Karcher, Channer Securities Co.; Josephine S. Cleary, The Northern Trust Company; Barbara Schmitt, Stein, Roe & Farnham; Florence Page, Selected American Shares, Inc. The group had as its Moderator, Marjorie H. Rosen, Mullaney, Wells & Company, Chairman of the Discussion Group Committee.

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Coming Developments in Metals And Plastic Chemical Industry

By ROGER W. BABSON

The future potentialities of Africa as a great chemical economy and the important role aluminum, magnesium and plastics will play in industry are two areas that Mr. Babson believes should be watched by every investor. He anticipates future displacement of steel, lead, zinc and other metals—though not copper —by plastics, and examines Alcoa's endeavors in Africa.

I have written a column on gold and another on copper; but another industry which may become very important is the aluminum industry.

Roger W. Babson

This metal is obtained from a clay known as bauxite; but it is of no use unless a large quantity of cheap electric power is nearby. This combination requires vast capital investments. Only electricity will separate the metal from the clay at a satisfactory cost. Several countries have bauxite, but not the cheap power.

In Northwest Africa this combination has been found near the seacoast, which is also an advantage. Such an electric power plant is now being built. With cheap African labor at $20 per month, this should enable the Aluminum Company of America to produce and transport in its own steamers the cheapest aluminum in the world. I am now recommending no stocks in this market; but if a reader wants an aluminum stock as an investment—not for speculation—I believe he would do better to buy Alcoa than the stock of any competitor.

What About Gravity?

As most readers know, I am much interested in discovering a partial insulator of gravity. Such a discovery would not only be a great blessing to everyone in time of peace, but the nation which first makes this discovery should be the winner of World War III if it ever comes. Such a discovery would enable missiles to easily break the "gravity barrier" and go to the moon. Furthermore, it would revolutionize all airplane travel, increasing both safety and speed.

Investors are apt to forget that there are two sides to the gravity picture. Although all nations should seek vigorously for a partial insulator of gravity, they should also demand greater use of lighter materials such as aluminum, magnesium, and plastics. The ship which I am on now has such a large amount of magnesium that the captain is complaining because it gives bulk, but has no weight for ballast. In fact, my studies of gravity convince me that aluminum, magnesium, and plastics will play an important part in industry and should be watched by every investor.

Alloys for Strength

Aluminum is very much lighter than steel, but it will dent more easily. This fact is slowing the building of trains and automobiles with aluminum. Great searches are going on in laboratories to find an alloy which will combine "no weight" with great strength. All who are interested in controling gravity should watch the metallurgists who are seeking these new alloys. A complete revolution may soon take place along these lines, including the making of all metals in every color.

In Africa investors are going very slowly in building steel plants. Africa now has only three such plants, although the continent has rich iron ore. They believe that plastics will largely take the place of steel in most building developments. Although I have felt that the "steels" are very fundamental investments, and that Carnegie, Morgan, and Frick showed great foresight in forming the United States Steel Corp., I now wonder if it ever would have been formed if plastics had been developed first.

Plastic Possibilities

With the use of chrome, steel can be made so it will not rust. This is the so-called "stainless steel." But plastics will not rust or tarnish; they are very easy to work or mold. We are still in a great Chemical Age—and plastics are just beginning to be used. My belief is that plastics will largely replace steel, lead, zinc, and other metals—but not copper. I continue to be bullish on copper.

If we enter an atomic age when uranium or hydrogen from ordinary sea water is used to manufacture cheap electricity, all distribution systems will have to be doubled, including the wiring of your house and office. Only investors in undeveloped continents like Africa, who are not loaded up with big, depreciating, obsolete plants such as we have in the U. S., are free to create truly modern plants. With copper, uranium, water power, coal, and the elements which make plastics at her door, Africa will create a great chemical industry which will astonish every reader of this column.

Customers' Brokers Announce Xmas Party

The Association of Customers' Brokers will hold their Christmas Buffet party at Whytes Restaurant on Wednesday, Dec. 3. A meeting of the association will be held at 4:15 to be followed by cocktails at 5:15 p.m. and buffet at 6 p.m. Tariff is $7 per person, including buffet dinner, cocktails and gratuities.

Reservations may be made with Albert F. Frank, Ladenburg, Thalmann & Co., Chairman of the Entertainment Committee, or Sam Minsky, Hardy & Co., Co-Chairman.

With Milwaukee Co.

APPLETON, Wis.—John H. Day has joined The Milwaukee Company as a registered representative and will represent the company in Appleton. Mr. Day was previously associated with a securities firm in Chicago.

To Be Oppenheimer, Neu

Effective Dec. 1st the firm name of Oppenheimer, Vanden Broeck & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will be changed to Oppenheimer, Neu & Co.

William Hooven

William A. Hooven, Executive Vice-President of the Palisades Trust Company of Englewood, N. J., passed away Nov. 14 at the age of 61. Before joining the Palisades Trust Company he had been a partner in Halladay & Co. of New York for 17 years.

N. Y. S. E. Tries Out New Trading Post

An experimental section of a new style trading post went into trial operation Nov. 17 on the floor of the New York Stock Exchange.

Exchange President Keith Funston said the test installation, located in the "garage" off the main trading floor, is part of a broad survey of the floor's layout and design being conducted by Ebasco Services Inc. to improve trading facilities.

"The present test is only an experiment," Mr. Funston emphasized. "Considerable study has gone into the new design, but it must meet the tests of practicality and usefulness before any final recommendations can be approved by Exchange members.

"Changes are expected," he added, "but it is hoped that, through a process of trial and change, the new ideas incorporated in the model will ultimately be the basis for a vastly-improved trading post."

The test model represents one-fourth of a full trading post, and there is working space for five specialists to handle up to 40 stock issues. Differing from the horse-shoe-shaped posts first installed in 1928, the section is a saw-toothed design which engineers believe will give the specialists and their clerks more convenient working conditions, while at the same time improving over-all efficiency.

A new pneumatic tube system that makes it unnecessary to use carriers or cartridges is another important feature of the test installation. This is designed to eliminate the small tubes, resembling shotgun shells, which are now in use to carry messages. Thus the specialist clerk will be able to send and receive orders and messages at his own station, through the tube system, without using carriers of any kind. While written messages must be folded during the trial operation, it is anticipated that the pneumatic tubes ultimately will carry the messages easily, whether they are folded, unfolded, crumpled or smooth.

The indicator board above the trading post, which shows the stock symbols and last sale prices, has been altered in several particulars. It is located behind the specialist's counter, rather than above it. The symbols and numerals are backlighted to make them more readable.

In addition, the board has been raised to a height of about ten feet to permit better visibility from a distance. The last sale indicators are operated from three stanchions in front of the post section, and a switch controls the plus and minus signs indicating whether the price of the last sale was up or down. The stanchions also contain a tube for the reporters' use in sending reports of transactions (as well as bid and offer prices) to the ticker room where they are coordinated on a master tape and transmitted over the Exchange's nationwide ticker system.

To Honor Budinger, Coggeshall & Stone

John M. Budinger, Vice-President, Bankers Trust Co.; James Coggeshall, President, First Boston Corp., and Jacob C. Stone, senior partner, Asiel & Co., will be the guests of honor at a dinner sponsored by the National Conference of Christians and Jews to be held Monday, Dec. 15, in the grand ballroom of the Waldorf-Astoria.

Eugene S. Hooper, President, Manufacturers Trust Co., is serving as Chairman of the $50 per plate dinner. All proceeds derived from the sale of tickets will be turned over to the National Conference to help its program of building good will and understanding among Protestants, Catholics and Jews.

The dinner is one of the major events marking the 30th anniversary of the organization. Founded in 1928 the National Conference is today a network of 64 regional offices, each serving as a human relations center in the largest cities from coast to coast.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

HIGHLAND, Ill.—Orville M. Streiff is now with A. G. Edwards & Sons, 1709 Broadway.

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Continued from page 10

Commercial Finance Industry And an Expanding Economy

making of staple products to the making of new products of specialized appeal.

This shift can be achieved only by an absolute expansion of the economy. We have always had such expansions. The motel industry along our highways, with investments of thousands to millions of dollars creating many new jobs, is a vivid example. The specialized sports equipment industry, the housing industry, the road-building industry, the burgeoning forest products industry are among many such examples.

These lessons of economic history tell us that such absolute expansions have been brought about not by existing companies alone, but by new enterprises which are, and must be, typically small.

Absolute Expansion by Promoting New Enterprises

In the later stages of recovery the times will be more favorable for the establishment of new enterprises. Then, I believe, they must be encouraged as a matter of national policy.

But even in good times small businesses are harrassed by a lack of capital. Our industry has done its share to meet this lack. You have only to review the records of the companies nominated for our annual achievement awards to see how our funds and our services have helped enterprising managements to raise relatively small companies to national stature.

We have done our share—but we can do more. The Federal Government's Small Business Administration is expanding its activities and promises to be an important aid to small companies. Several of our institutions have cooperated with it in specific situations and the teamwork has produced useful results. More of our companies could interest themselves in this field. The Small Business Investment Act offers wider opportunities for the small business to grow, and promises situations in which we can also cooperate effectively.

On the state and regional level many development commissions are active, some with financing powers. Some of our companies have found it possible to participate in the financing that their activities make possible and more could do so. Economic development consists of putting neglected resources to work, creating productive jobs and improving the general level of living by making useful products available that were not available before. In the last generation Americans have become aware that many of their lagging regions or deteriorated areas are unnecessarily depressed areas. The lag and the deterioration can be overcome. We can play a larger role in development.

Commercial Financing and the New American Frontiers

The cooperative efforts already undertaken successfully by members of our industry illustrate one of the ways in which private enterprise can join with public enterprise to achieve a public service objective.

That kind of cooperation need not stop at our continental borders. Soon Alaska, a relatively undeveloped land, will become our 49th State. We have Puerto Rico just off our shores, an autonomous commonwealth within our union that has become a showcase of democratic advance and a model of rapid economic development. We have other less developed areas, like the Virgin Islands.

The development of these areas is a concern of the whole American people. Our industry, I am happy to say, has already taken a part in this great adventure, opening up these new frontiers to development, bringing the products their resources can provide to market for the benefit of the whole people.

Commercial Financing and the World's New Frontiers

A balanced, expanding economy cannot limit its interests to business operations on its own territories. American cooperation with Canadians in the development of Canada has made that relatively small country, small in population if not in territory, one of the great nations of the world, one with which we carry on many mutually profitable exchanges of goods and services. We have other good customers abroad with whom we could carry on trade relations at a more active rate than now prevails if there were financial machinery to facilitate it.

Some of our members have been active for some time in the field of export and import finance. They have provided very useful services. But it may be that in that area more can be done. A very interesting study by a New York economist, Claudio Segre, published this summer, maintains that the volume of resources for financing foreign trade through the New York and London money markets is below the level of the Twenties and represents an even smaller United States contribution since some the funds originate with foreign banks.

Import financing is not without its special difficulties but export finance confronts us with many complex problems. These problems are familiar ones. Perhaps new credit insurance devices and such arrangements as intergovernmental guarantees can make it possible to achieve new solutions.

New solutions will have to be sought, because we cannot put off any longer the restoration of the world economy. Substantial changes in the economic structure of Europe may be expected in the next few years as the result of the setting up of the European Economic Community in Western Europe, the effort to convert the community into an effective common market, and the movement to make it the basis of a free trade area by linking Britain and other Western European nations to the community.

This will create problems for exporting companies and opportunities for non-exporting companies. Some exporters may find it advantageous to manufacture there, either through subsidiaries or associated companies. Whatever patterns of trade may emerge, there will be vastly greater need for credit that cannot be met by European institutions. It offers wide scope for the operations of our industry if ways can be worked out for making our services available. This is an area to which we should devote considerable attention.

Another area in which we might play a role is in the economic development of under-developed nations in various parts of the world. There, all too frequently, the very basis of development, highways and radiotelephone networks, are lacking because they do not have the funds to buy the construction or the technical equipment needed. Yet in our own country we encounter that lack and meet it by the activities of some of our members in financing commercial installment receivables.

The contest between the free states and the slave states of the world is not going to be solved by moon shots alone, by atomic submarines that show their backs to ice barriers or by H-bombs that move mountains. International politics may require that we explore distant galaxies. But sooner or later the average citizen at home is going to judge our times by how successfully we exploit the resources of the planet on which we stand, Mother Earth.

We have set up astrophysical laboratories in outer space, bounced signals off the moon and now we are about to approach the sun. But our greatest contribution to the progress and welfare of mankind were not these. That contribution was the creation of our democratic private enterprise system, the attitudes and techniques by which we have achieved high productivity and higher and higher living standards for all our people without sacrificing our individual liberties or our freedom to develop our individual capacities to the fullest.

Our opponents in the game of shooting the moon, have been able to telescope history by pushing economic development to the limit of the endurance of their people. They have been able to expand their output on a scale comparable with our own earlier development. But they have not been able to translate these gains into just shares for their ordinary citizens, or into individual freedom.

We must not be complacent about this, however. If their rate of productivity is maintained, it will enable them to match our output earlier than previous projections had let us to expect. To maintain our economic as well as our military strength, we must see to it that our rate of productivity matches theirs when it does not exceed it. Our output must grow as we achieve continually greater economy in the resources we use to achieve it.

To demonstrate to the world that people can enjoy both plenty and freedom, that is the mission of America. As a great American, Woodrow Wilson, said: "America is made up of the peoples of the world. All the best bloods of the world flow in her veins, all the old and sacred traditions of peoples of every sort throughout the wide world circulate in her veins, and she has said to mankind at her birth, 'We have come to redeem the world by giving it liberty and justice.'"

And he also pointed out that here, on this issue which unites all Americans, muster, not the forces of party but the forces of humanity. "Men's hearts," he said, "wait upon us; men's lives hang in the balance; men's hopes call upon us to say what we will do. Who shall live up to the great trust? Who dares fail to try!"

This is the final battle that will yield the victory and bring peace and plenty to the world. In our everyday business activities we can win it. A sound, permanently expanding, balanced economy can be set in motion in 1959. The decision is ours.

Form J. C. Smith Co.

OKLAHOMA CITY, Okla.—Jimmie C. Smith and Edward J. Hagen have formed Jimmie C. Smith & Company, with offices at 327 North West Third Street to engage in a securities business. Mr. Smith was formerly with Clisbee-Thompson & Co.

Jack F. Chrysler

Jack F. Chrysler, member of the New York Stock Exchange, passed away on Nov. 7.

Henry R. Winthrop

Henry Rogers Winthrop, member of the New York Stock Exchange, passed away on Nov. 14.

John Nuveen & Co. Celebrates 60 Years


Frank C. Carr


E. H. Davis


George J. Gruner


L. L. J. Howe


C. W. Laing


John Nuveen, Jr.


Miles Pelikan

CHICAGO, Ill.—John Nuveen & Co., with headquarters in Chicago and New York and offices in other principal cities, is celebrating the 60th anniversary of its founding, being the oldest and largest investment banking organization in the United States dealing exclusively in tax-free Public Bonds (Municipal Bonds). Branches are located in Boston, Cincinnati, Detroit, St. Paul, Atlanta and Los Angeles.

When the late John Nuveen, Danish-born Hollander, entered the investment banking field in Chicago in 1898, probably only $1 billion of Public Bonds was outstanding and national volume of new issues was only about $100 million annually. Only a relative handful of firms, generally small, were underwriting Public Bonds at that time. Competition in the modern concept was comparatively inactive. Nevertheless, the company's total underwritings for its first year of operation amounted to 12 issues with total par value of only $155,000. Now, more than 1,300 dealers, brokers and banks are actively engaged in the highly competitive business of underwriting and/or distributing tax-free Public Bonds.

John Nuveen & Co., either alone or in association with others, submitted offers to purchase 47% of the $7.5 billion of Public Bonds sold during the last 12 months. Twenty-two per cent, or $1.6 billion, of these were so purchased and distributed to the investing public. The company has underwritten and distributed all or parts of more than 19,000 issues of Public Bonds. The largest issue of revenue-secured Public Bonds to be distributed during the last 12 months was $250 million Rocky Reach Hydro-Electric Project (Public Utility District No. 1 of Chelan County, Washington). This was originated by John Nuveen & Co. and associates. Another large financing developed during the preceding year by John Nuveen & Co. and associates was $166 million Priest Rapids Hydro-Electric Project (PUD No. 2 of Grant County, Washington).

John Nuveen & Co., originally a partnership, was incorporated in 1953. L. L. J. Howe is Chairman; Chester W. Laing, President; Frank C. Carr and George J. Gruner, Vice-Presidents. John Nuveen, son of the founder, is a director and the senior member of the organization. Miles Pelikan and E. H. Davis, Vice-Presidents, are Managers of the Underwriting and Research Departments, respectively. Edward V. Vallely is Manager of the Trading Department and Paul A. Hakanen is General Sales Manager. Walter R. Sundling is Secretary-Treasurer of the company.

Wall Street—How It Functioned in 1875

In an ancient home on Long Island there was found a booklet printed in 1875 explaining the workings of Wall Street. It contained caracatures of some of the well-known traders of that day. The booklet has been reproduced by Filer, Schmidt & Company well-known Put and Call Option Dealers and there is a limited number of these reproductions available for those who would like to have a museum piece.

Model, Roland & Stone To Admit Partners

Model, Roland & Stone, 120 Broadway, New York City, members of the New York Stock Exchange, on Nov. 26 will admit Frank L. Thompson to partnership, and on Dec. 1, Stephen M. Jaquith and Elliott D. Fox, Jr. Mr. Fox, a member of the New York Stock Exchange, will retire from E. D. Fox & Co. Nov. 30. Mr. Thompson will acquire a membership in the New York Stock Exchange.

With Alm, Kane, Rogers

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John D. Glasgow, III, has become affiliated with Alm, Kane, Rogers & Co., 39 South La Salle Street.

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James A. Walsh Jr. has been added to the staff of Goodbody & Co., 1 North La Salle Street.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—David H. Cohan has joined the staff of Goodbody & Co., 140 Federal Street.

Now With Keller Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Leo I. Goulston has become connected with Keller & Co., 31 State Street.

Kidder, Peabody Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Mary A. Daley has been added to the staff of Kidder, Peabody & Co., 75 Federal Street.

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Banks Must Face Competition By Marketing Bank Services

small bank in a small community which knows practically everybody in town. They know where to come when they want banking service. Why worry about markets?" But, if that is the reasoning, I am going to ask: "Are you sure?" Let's look a little deeper.

If there are one or more other banks in a community, are contact employees as friendly and courteous to customers as those of a competitor? Research indicates that about 20% of bank customers choose their bank—or change it — because of the way they are treated by tellers, guards, platform officers, etc. Isn't it simply human nature for one to display "company manners" when the boss is looking? The only way to find out the real truth is to engage an outside organization to check up on what the situation actually is.

Outside Competition

Suppose for a moment that there is only one bank in town. Do you think you have a monopoly, so that the public simply **must** come to that bank, or else do without? What about savings and loan associations? Perhaps there isn't one in your town, but don't forget that they do business by mail too. A savings and loan association located in Los Angeles is advertising and soliciting business in New York, of all places, and doing it solely on the basis of higher rates.

Statistics show that savings and loan associations have consistently paid higher rates on savings than commercial banks ever since 1945, and no doubt much longer than that. If we want to cultivate the savings market, we must pay the market rate, or at least be within close range of it. Research conducted by the savings and loan associations themselves shows that a majority of their customers think that banks are safer and more reliable, and would use them except for the low rates they pay. All the New York City commercial banks which accept savings deposits now pay 3% against the mutuals' 3¼%, but this rate meets the market because the commercial banks have more branches and thus can provide greater convenience to the depositor.

Rate-Conscious Public

The day when banks could retain savings deposits with a rate of 1% or 1½% seems to have passed—for the foreseeable future at least. The public which uses financial intermediaries is rate-conscious—let's not kid ourselves that it isn't. Since the end of 1945 total savings held by savings and loan associations have increased over 500% and their outstanding mortgage loans have gone up nearly 700%! Savings deposits in commercial banks have not even doubled in this same period. What better evidence could there be that banks have been losing ground in the "savings market"?

And what about credit unions? They are not so obvious as savings and loan associations, but they've been growing even faster. Perhaps because they don't advertise and don't maintain fancy offices, you are not even aware that they exist. But the fact remains that outstanding installment loans of credit unions have increased 2,500% — you heard it right — 2,500% since 1945. This represents loan business which might have gone to the banks—or at least a substantial part of it might.

Importance of Advertising

Earlier I referred to the fact that many individuals do not know what banks can do for them. This raises the question of how they are to be told, and the answer is, obviously, **advertising** —in one form or another. This is a subject in itself.

"How much should my bank spend for advertising?" is a tough question to answer. I can tell you what the **average** bank actually did spend for advertising in 1956, and the answer is $380 per million dollars of total assets. That happens to be **less than one-third** of what the average savings and loan association spend per million dollars of its assets, which was $1,300. When you come to the question of how much **should** have been spent, one rule of thumb for small and medium-sized banks is $1,000 per million of deposits. So, if a bank has $10 million of deposits, an advertising budget of $10,000 would not be excessive. At least that kind of a budget would put the bank within striking range of the savings and loan associations.

A big city bank can use television, radio and metropolitan newspapers. Some of them use national news magazines for institutional advertising. But how far would $10,000 go in that direction? Not very far. It would be scarcely a "drop in the bucket." So, what is the $10 million bank to do? Although it may be limited to direct mail, window and lobby displays, local newspaper advertising, and personal contacts, these advertising media if intelligently used, can be quite effective. The mails still offer the smaller bank the most economical channel for reaching the people who comprise its market. You need not buy a mailing list—just use your telephone directory—for if a person can afford a telephone, he's a potential customer of a bank.

One of the most effective ways to cultivate a market is through one's own employees. While not all bank employees are temperamentally qualified to act as salesmen, many of them welcome the opportunity to exercise their powers of persuasion in bringing new customers into the bank. But don't forget to compensate them for their extra efforts. If bank employees can earn extra compensation for bringing in new business, a surprisingly large proportion of them will work hard in this extra-curricular activity. And, if our experience is a guide, most of the accounts they bring in will stay on the books.

And now to summarize: Banks everywhere have markets for their services which have not yet been thoroughly cultivated. For various reasons, commercial banks have been slowly but steadily losing their proportionate share of the total financial business of the nation, but it's not too late to do something about it. Wherever banks have actively cultivated new markets, the results have been most satisfactory. The number of people who need banking service is increasing all the time, at a rate faster than the growth of total population because personal incomes are rising. Banks cannot hope to compete for the public's savings unless their rates are competitive, but whenever the rates become so, the banks get their share of the market and sometimes more. Many individuals do not yet know all the things a bank can do for them, and they must be informed. Thus the markets for our services are **real and growing.** Of course, their cultivation will entail additional expense to the bank, but this is banking's price of leadership in our changing, dynamic world.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Using the same group of fire-casualty insurance stocks that we have worked on in recent weeks, we now use exhibits of the price: earnings ratios for the year 1957 and also for the ten years ended with Dec. 31, 1957; and, secondly the amount of earnings that may be bought with a $100 investment in the various stocks, also on the basis of 1957 earnings and those for the decade to Dec. 31, 1957. Prices as of the last quarter-date, Sept. 30, are used in both tabulations.

The year 1957, the most recent one we can use, is, of course, one that makes an especially poor showing for most of the companies. However, utilization of the ten-year term is entirely fair as it includes several years in which underwriting results were excellent and others in which they could be considered medial.

Indeed, this decade contained enough quite favorable underwriting years to cause the supervisory authorities to balk at rate increases. Normally, these authorities operate on a basis of about five years, and the companies have had no such period of red ink underwriting results.

The following are the industry's stock company profit (or loss) margins for the ten years through 1957. While they have not had five years of losses, those loss years that they have had registered bad losses, and may be said to tip the balance in favor of more generous rate increases than we have seen, particularly in New York State.

Ratio of Underwriting Profit to Earned Premiums

1948	4.99%	1953	5.00%
1949	9.51	1954	5.50
1950	4.00	1955	3.49
1951	0.24	1956	1.75
1952	3.08	1957	4.33

Now to the price:earnings ratios and the $100 investment material:

	Price:Earnings Ratio 1957 No. Times	Ten Years No. Times	Earns. per $100 Invested (Sept. 31, 1958 Price) 1957	Ten Years
Fire Companies—				
Aetna Insurance	468.0	13.1	$0.21	$7.68
Agricultural	---	11.6	---	8.61
American Insurance	---	8.5	---	11.76
Bankers & Shippers	13.0	11.5	7.72	8.70
Boston Insurance	---	21.4	---	4.68
Continental Insurance	---	9.0	---	11.09
Federal Insurance	27.9	25.9	3.59	3.94
Fidelity Phenix	---	20.3	---	4.93
Fireman's Fund	---	15.1	---	6.61
Glens Falls	100.8	13.2	0.99	7.59
Great American	---	14.8	---	6.77
Hanover Insurance	---	11.8	---	8.43
Hartford Fire	22.9	18.9	4.39	5.31
Home Insurance	47.2	15.6	2.12	6.42
Insurance Co. of No. America	24.4	23.1	4.11	4.34
National Fire	20.1	21.5	5.00	4.68
National Union	---	10.0	---	9.99
New Hampshire	9.2	11.3	10.90	8.83
Northern Insurance	24.2	12.4	4.14	8.08
North River	21.7	14.4	4.60	6.96
Pacific Insurance	12.8	12.0	7.79	8.32
Phoenix Insurance	---	17.7	---	5.67
Providence Washington	---	---	---	---
Reliance Insurance	---	9.5	---	10.56
St. Paul Fire	43.3	21.7	2.30	4.61
Security Insurance	---	14.8	---	6.77
Springfield	---	9.5	---	10.51
United States Fire	26.3	15.7	3.80	6.38
Westchester	23.4	13.7	4.28	7.32
Casualty Companies—				
Aetna Casualty	18.6	9.2	5.37	10.83
American Re-Insurance	10.5	21.8	9.55	4.59
American Surety	---	27.0	---	3.70
Continental Casualty	34.2	28.0	2.92	3.56
Fidelity & Deposit	11.2	13.3	8.91	7.49
Massachusetts Bond	10.0	14.2	9.98	7.07
Seaboard Surety	10.3	14.9	9.66	6.70
U. S. Fidelity & Guaranty	73.6	12.2	1.36	8.19

A distortion such as Aetna Insurance selling (on Sept. 30 last) at 468 times 1957 earnings is the result of its earnings figure of a mere 14 cents a share. But on the basis of a 10-year earnings showing the price: earnings ratio is down to 13.1 times, a reasonably low figure for a fire insurance stock. Of course the blank spaces opposite the company names are the result of their having operated at a loss in 1957. And, to, where losses occur there must necessarily be blanks in the ratios that result.

The readers of this space may be surfeited with the continued advice to use insurance company statistics only on a long range basis, preferably 10 or more years; but probably the wisdom of this suggestion is nowhere better brought out than in this comparison. The year 1957 was a bad one in underwriting for almost all companies, resulting in price:earnings ratios that were entirely out of line with what could be rated as a norm.

But when we present the long term ratios we get reasonable figures, for the longer term of years, as already brought out, smooths out the hills and valleys and gives the investor a useful statistic on which to base his calculations.

In the Earnings per $100 Invested column we see the same condition. Here an investment of $100 in Aetna Insurance at the Sept. 30 price gives an earnings figure of only 21 cents. Obviously, this is out of gear because of the bad 1957 underwriting result. But $7.68 for a 10-year average is a reasonable figure.

Rotan Named Pres. Of Exch. Firms Assn.

Edward Rotan, partner in Rotan, Mosle & Co., Houston, Texas, was elected President of the Association of Stock Exchange Firms at the annual meeting of the Board of Governors. Mr. Rotan has been a member of the Board since 1955 and is a former governor of the New York Stock Exchange. He is also a former Chairman of the Texas Group of the Investment Bankers Association of America and a director of River Brand Rice Mills. Mr. Rotan succeeds Robert J. Lewis, partner in Estabrook & Co., New York.

Edward Rotan

James A. Hetherington, II, Goodbody & Co., New York and John D. Burge, Ball, Burge & Kraus, Cleveland, were elected Vice-Presidents and John D. Baker, Jr., Reynolds & Co., New York, Treasurer.

New Governors elected to the Board of 35 are: Alfred Rhett du Pont, Francis I. du Pont & Co., New York; McKee Nunnally, Courts & Co., Atlanta; Albert C. Purkiss, Walston & Co., Inc., New York; E. Warren Willard, Boettcher and Company, Denver; Coleman Wortham, Jr., Davenport & Co., Richmond.

Re-elected were: John D. Baker, Jr., Reynolds & Co., New York; John D. Burge, Ball, Burge & Kraus, Cleveland; David Scott Foster, Pershing & Co., New York; James A. Hetherington, II, Goodbody & Co., New York; Henry Hornblower, II, Hornblower & Weeks, Boston; Michael W. McCarthy, Merrill Lynch, Pierce, Fenner & Smith, New York; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

Elected as the Nominating Committee for 1959: T. Jerrold Bryce, Clark, Dodge & Co., New York; John E. Blunt, 3rd, Blunt Ellis & Simmons, Chicago; James J. Lee, W. E. Hutton & Co., New York; Leonard D. Newborg, Hallgarten & Co., New York; Joseph M. Scribner, Singer, Deane & Scribner, Pittsburgh.

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As We See It

conquering complex which seems to rule the communist nations, particularly Russia.

Proper Perspective

We should be well advised, however, to keep all these things in their proper perspective. To do so we should need daily to remind ourselves of the fact that many thousands of words of utter nonsense are being poured out upon a bewildered public both here and abroad. Let us remember, first of all, that there is no particular point in a mere battle of figures and statistics. Apart from the military aspects of the situation—to which we shall not address ourselves at this time—the whole point and purpose of any economic system is to produce and distribute goods and services which the people want. Comparisons of two economies by use of such measures as the gross national product — or the over-all market value of all goods and services produced in each—is, if not meaningless, certainly capable of grossly misleading the public. Even tons (or bushels) of wheat, tons of pig iron or steel, and so forth may or may not mean what they appear to mean. Even the plane of living (now usually miscalled standard of living) does not offer a foolproof measure of economic well being which, after all, is the goal of any economic system.

It is, of course, true that we naturally wish to advance as rapidly as may be in attaining economic and social objectives — regardless of what Russia does — and if we are to do so certain facts must be recognized as truth and faced as such. First of all, if we are to attain the utmost in the acquirement of the goods things of life for ourselves, we much put an end to wasting so much of our time and our energies in producing things no one wants. The classic—we had almost said tragic—example of this sort of waste in this country at this time is found in the regular annual production of farm products far in excess of what the market will absorb—and the support of those who produce these unwanted goods by taxing the rest of the community.

There is, however, much other waste of this same variety. It would be interesting, and probably quite appalling, to know how many manhours are devoted each year to needless and really burdensome regulation of ourselves. The securities laws, and many of the other New Deal measures which seem to have become sacrosanct with the vast majority of politicians, are all distressing cases in point. The waste in many governmental projects, direct or by means of subsidies and guarantees, is enormous. The armies of men and women required to keep the records of many of these schemes and programs are to be put down as in the last analysis unproductively employed. The same is true of the administration of extremely complicated tax systems devised for the purpose of "soaking the rich."

Another Essential

Another essential change if we are to realize our full productive potential is the removal of programs which kill incentive in so many cases. One of the greatest of these is, of course, the tax structure under which we now operate, a system which takes practically all the income of those who are productive in the way and on the scale that was common 50 years ago. An income tax schedule as steeply graduated as that we now suffer under can be considered rational only if our purpose is to condemn those with large income to the eternal task of paying for the extravagance of almost all types of governmental units from Washington down to the smallest hamlet in the land.

Still another need is a full about-face in our attitude toward production—or at least in the attitude of an all too large proportion of the people of the country. There is too great a disposition today to try to get something for nothing, or at the very least get more and more for less and less. This is particularly true of workmen organized into large unions and led by labor politicians. There is entirely too little realization that wages and other forms of remuneration are limited by the volume of output produced by the wage earner. Really the wage earner ought to be as much concerned with efficiency of production and the volume of output as is management. Such, however, is far from the fact.

There is also the question of choosing between more goods and more leisure. We have reached a stage when it is possible for many to choose less work—that is shorter and shorter working hours—to more goods. That is to say, they can and sometimes do regard leisure as a good and find it worth more than what might be produced in the time devoted to it. All too often, however, it appears to be supposed that both more leisure and more goods can be had if only the union organization is strong enough to force such a program upon management.

Of course, Mr. Khrushchev will probably presently face some of these problems in a degree far greater than is the case today in a country where one must now work long hours and do what he is told if he is to have even enough to get along on. The Russian boss is already talking about shorter hours of work—probably more shrewd politics. But as goods get more abundant in his land, if they do, the situation may well change. But, however that may be, let's get our own house in order.

Continued from page 12

Price Paid to Avoid Inflation Costs Less Than Further Inflation

capacity to fulfill their revised estimates of current and future demand.

Recessionary Price Rise

In the past 12 months, a period first of sharply declining business activity and, later, the recent partial recovery, prices continued to rise. One of the principal reasons for such increase was the wage increases granted under new labor contracts or automatically under contracts negotiated in previous years. The impact of such long-term contracts can be sizable. Dr. Yale Brozen, University of Chicago economist, estimates ". . . that 4.5 million workers will receive such wage increases in 1958; and many of them . . . in industries which at the time were facing severe unemployment—such as steel and railroads."

The Federal Reserve's reversal, last autumn, of its tight money policy in order to increase the amount of credit available was another important factor in supporting prices. The impact of their various operations can best be measured by the change in the loan and investment accounts of the commercial banks and by the change in the free reserve position of the System's member banks. From the end of November, 1957 to the end of July, 1958, the loan and investment portfolios of commercial banks increased by $10 billion; during the same eight months, member banks' free reserves (i.e., their excess reserves less borrowings) grew by almost a billion dollars and in the process changed from a net debt position to a status of substantial surplus.

While the factors above-enumerated were of special import in explaining price changes in specific periods since World War II, other factors were imparting an inflationary bias to our economy throughout the entire postwar period.

Other Inflationary Pressures

First is the inflationary bias resulting from interpretation of the Employment Act of 1946 to mean that policies favoring maximum employment and production are to be given priority over price stability. I use the term "interpretation" advisedly because the wording in the Act states clearly that, "It is the continuing policy and responsibility of the Federal Government to use all practicable means . . . to promote maximum employment, production and purchasing power." This statutory language certainly implies that the maintenance of maximum purchasing power (i.e., price stability) is equal and coordinate in status with the other goals of maximum employment and production.

Dr. Edwin G. Nourse, former Chairman, Council of Economic Advisers, under the Truman Administration, has publicly voiced the same viewpoint. He recently stated that "The greatest threat to the accomplishments of the objectives of the Employment Act is to be found in the inflationary bias that we have allowed to creep in." Notice the use of the phrase "allowed to creep in." There is nothing in the Act itself that requires or authorizes the government to subordinate the objective of maintaining price stability to the objective of maintaining "full" or "maximum employment." By permitting the currency to depreciate, the other objectives of the Employment Act are imperiled. If a proper and sustainable economic growth is to be attained, no single one of the triumvirate of objectives can be ignored or given less favored treatment.

The second major factor tending to give an inflationary bias in recent years is our entire political and economic environment. It is an environment which permits, indeed encourages, labor to seek wage increases in excess of productivity gains. It is an environment which acquiesces in the absorption by business of wage increases as added costs and their transference to the consuming public in the form of higher prices.

Finally, another very important inflationary force is the new peace-time high Federal spending program for fiscal year 1959 and its associated record peace-time Federal deficit. As you know, official Budget Bureau estimates place that deficit at slightly over $12 billion.

Because of present bond market conditions, current expectations seem to be that the bulk of that deficit will be financed by the sale of short-term government securities. To the extent that such Treasury financing is done, not with the savings of non-bank investors, but with borrowings from the commercial banks, to that extent inflation will be encouraged.

Evaluates Theory of Inevitable Inflation

Now, in the light of these circumstances, how can we evaluate the hypothesis of the inevitability of inflation? It is submitted that certain of the important inflationary pressures and conditions that have existed in the immediate past either do not exist at present or do not carry the same impact. For an obvious example, we do not now face an enormous pent-up postwar demand for housing, automobiles and other consumer durables. These past demands have been satisfied. Current demands for such items are of much less size and intensity. The huge reserve of buying power built-up during the war has been greatly reduced. Our tremendous output of goods and services during recent years has seen to that. The capacity presently available to meet an increased demand is also substantial. This is true, not only in terms of idle plant and equipment, but also in terms of idle manpower and idle natural resources.

With these specific inflationary pressures now removed or dampened considerably, sharp price rises of, say, 4% or 5% or more per year are most improbable. If people fear a severe inflation of this degree, their fears are groundless. There is nothing to suggest that we place a high degree of probability on such a rise occurring. It will not occur unless war comes again.

Let us consider the period since 1952. The easy consumer credit which figured importantly in the recent boom can hardly, at the present time, be made any easier. Further impact along these lines is bound to be much less in the future than in the past. Both widespread industry cost-cutting and large-scale business expenditures are modernizing plant and equipment have helped in recent months to increase productivity sharply and to enhance appreciably the economy's ability to supply in increasing amounts the goods and services the consumer will demand, as recovery moves ahead. Furthermore, the Federal Reserve has now abandoned its "easy money" policy and is more watchfully concerned with a policy of "comfortable restraint" towards the inflationary pressures that may develop.

With the upswing in the economy, the clamor for tax cuts has disappeared—despite earnest predictions made last spring and winter by many prominent persons that unless tax cuts were forthcoming quickly and in sizable amounts, the economy would rapidly "go to the bow-wows." Well, the economy didn't "go to pot" and instead is displaying renewed vigor. The business recovery, now underway, will raise corporate profits and personal incomes. These will automatically increase tax contributions to the Treasury and thereby reduce the Federal deficit for fiscal 1959 by a few billions of dollars. Secretary of Treasury Anderson said recently that the recovery will not only replenish our revenues but will help us to reduce government expenditures in some areas.

Increased Rates for Treasury Issues

Results of the Sept. 25 Treasury financing program were, in some important respects, encouraging and augur well for the future. Because of realistic pricing, non-bank subscribers figured more importantly than expected. Their combined subscription was $2 billion or about 24% of the total offering—an unusually large percentage for such short-term issues. Here then is evidence, that a satisfactory rate will increase substantially non-bank purchases of Treasury securities and reduce the inflationary potential inherent in financing the Federal deficit through the commercial banks.

In the light of these considerations the average price increase in the years immediately ahead is not likely to differ significantly from the 1.5% per year experience recorded since 1952. I must say that within the present framework of fiscal responsibility and political-economic conditions such an average price rise is quite possible.

But even a 2% creep need not be condoned or permitted to continue. Forces that bring it about are "man made and are man-controllable." The acceptance of the inevitablity of a continued price rise is not an acknowledgment of economic determinism but merely a political judgment that the will to control it has disappeared.

We are all against continued and persistent price rises. We dislike their effect in discouraging thrift and in penalizing holders of savings deposits and life insurance policies. We dislike the way in wihch they create inequities by arbitrarily redistributing income and we dislike the incalculable personal hardship for millions who are living on pension rights, fixed incomes or savings of any kind.

Sounds for Call for Action

Now is the time to face up to the very essence of our democracy

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and to show the world that we do have the courage to govern ourselves wisely; that we do have a proper sense of values and are ready to decide what needs we shall give up to make other needs more secure; that we do possess capable reasoning powers and have the wit to think our problems through to an effective solution; and that we do have the self-discipline, ability, and courage to stand by our values and see our policies through whatever the personal cost.

Now is the time to destroy some of the illusions we have acquired, to destroy the belief that easy money which encourages excessive debt is sound, to destroy the illusion "that we can get more out of our economy than we put in." Instead we must develop higher levels of economic citizenship and still higher levels of public and private responsibility. We must display the moral stamina necessary to place long-run interests of our nation ahead of individual personal desires.

Our government sets the economic tone and climate for the country, and since the Federal deficit is the harbinger of an increased money supply and later inflationary pressure, the crux of the anti-inflation fight must be waged first at the governrment level. Federal expenditures must be brought into an early balance with the level dictated by Federal receipts.

Responsibility Rests With Congress and Business

Responsibility rests squarely with the Congress. Inflation control is within their power and many of them know it. Congressman James Byrnes of Wisconsin, for example, told his fellow legislators not so long ago, "The situation we are facing today and the cause of it is no secret. A majority of the Congress has gone wild in authorizing and appropriating for new and increased expenditures. It is going to do you no good to blame the Executive or anyone else. The Executive cannot spend one cent that this Congress does not authorize and appropriate."

Representative Clarence Cannon of Missouri, Chairman, Hou-e Appropriations Committee, also in the same vein told his colleagues, "When you go home at the close of this session and your people complain about the high cost-of-living do not pass the buck. Tell them the facts. Tell them the national debt is higher because you voted to make it higher. Tell them the dollar has gone down and the cost of groceries has gone up because you voted to depreciate the dollar and voted to raise prices."

These statements place responsibility squarely where it belongs—with the Congress of the United States. It is high time that we stop fencing with windmills and concentrate our attention on the political scene where the malignancy of inflation originates. It is high time for business leaders, bankers and insurance executives to be equally as active as union leaders in the affairs of government. It is high time for those of us in the business and financial community to attack the problem of inflation at its source first by making certain that all Congressmen understand fully the inflationary implications of their day-to-day legislative activities and second by offering them vigorous support for strong public policies to preserve the integrity of the dollar.

We need as Holgar Johnson, President, of the Institute of Life Insurance, stated recently "to formulate a national policy against inflation." It certainly is high time that this is done. Such a policy could well be the focal point for the converging of all forces interested in stemming inflation, whether it be the galloping, moderate, or creeping variety. And the life insurance companies, the mutual savings banks, and the other thrift institutions which are responsible for safekeeping billions of dollars of funds placed in their hands must take the lead in formulating that policy.

Sets Forth Guiding Principles

If I may, I would like to set forth just a few guiding principles upon which such a national anti-inflation policy should be based. They are:

(1) That we are not in an "age of inflation"; that inflation is man-made and therefore man-controllable;

(2) That we have the will, the wit and the discipline to fight inflation;

(3) That we shall seek to educate and inspire others to join in that fight;

(4) That we recognize that the success of our efforts will depend primarily upon our success in convincing the Congress to set the proper tone and climate for the nation's activities by acting so as to encourage respect for monetary stability;

(5) That such respect for the value of the dollar can best be encouraged:

(a) By a demonstration of fiscal integrity and a check on Federal spending as can only be achieved by early restoration of a balanced budget; and

(b) (if I may paraphrase Dr. Arthur F. Burns, recent Chairman, Council of Economic Advisers) by a national declaration of purpose with regard to the level of prices that could achieve a moral force equal and coordinate to that already attained with respect to the levels of production and employment.

Undoubtedly, many could add to my list. Short as it is, however, it will serve its purpose admirably if it is accepted as an initial rallying point for all who are interested in maintaining a sound and stable dollar.

If we can all recognize even mild inflation for what it is—a symptom of failure—failure on our part to govern ourselves wisely, if we can all recognize that for the community as a whole there is no hedge against inflation, and finally, if we can all recognize "the price paid to avoid any inflation is much less than the price exacted by further inflation"—then, and only then, shall we have laid the groundwork for a successful anti-inflation campaign.

Growth and Attractiveness of Municipal Bonds

The expectant greater flow of tax-free securities is depicted by head of John Nuveen & Co. who envisages $15 billion of such new issues by 1968 compared to current annual underwriting of $8 billion and $3 billion only 10 years ago. Mr. Laing calls attention to attractive yield differentials between municipals and taxable securities, and attractiveness of existing tax free yield, compared to period 1909 to 1958 for Jan. 2.

The current annual volume of about $8 billion of tax-free Public Bonds (Municipal Bonds) is merely the forerunner of bigger things to come, in the opinion of Chester W. Laing, President of John Nuveen & Co., the oldest and largest organization in the United States underwriting and distributing these investment securities exclusively.

Mr. Laing asserted that an annual volume of some $15 billion of new-money Public Bonds by 1968 could be accepted as a reasonable estimate of future activity in the tax-free segment of the investment banking industry.

Only ten years ago when new-issue volume of Public Bonds was running at the rate of $3 billion annually and total par value outstanding was $18 billion, many in this industry assumed that investment capacity might top out at $5 billion per year and a total of some $50 billion, he said.

Currently, approximately $55 billion of these investment securities are outstanding, most being owned by banks, insurance companies, and individuals to whom tax-free income and safety of capital are of major importance, he noted. The Nuveen spokesman also said, "a rapidly increasing population and its continuing demand for better, larger and more costly public improvements points the way to the existence of at least $100 billion of these securities by 1968."

The continued absorption by institutional and individual investors of a tremendous volume of tax-free securities has been based upon a combination of high Federal income tax rates and a plentiful supply of sound quality bonds yielding 4% and more, Mr. Laing stated. "We see no significant upcoming shifts in those factors, so our industry can expect to serve an ever-broadening demand as more and more investors recognize the investment and speculative potential provided by Public Bonds," he declared.

Regarding the future trend of interest rates, Mr. Laing suggested that, while Federal fiscal policy was the prime mover, the current index of Public Bonds yields (about 3.35%) was almost exactly "on" the average of 3.4% for Jan. 2, 1909 to 1958, inclusive.

Compares Yield of Tax-Free and Taxable Issues

He commented that there appeared to be no probability of any market relaxation in tax rates if any effort was to be made to minimize the inflationary trend. Rather, he said, it is probably that each year more people would feel the tax bite to a greater extent. He predicted a greater investor awareness of the availability of tax-exempt income, which not only would provide a larger market for tax-exempt Public Bonds, but could also result in a greater differential in yields between tax-free and taxable securities.

In 1928 when the top corporate income tax was 12%, a tax-free yield of 3.4% was equal to only 3.9% return from taxable securities. Nowadays, with a top rate of 52%, a bank or corporation must earn 7.1% from taxable securities merely to equal 3.4% from tax-free Public Bonds. Also nowadays, an individual with only $26,000 yearly taxable income must earn 10.5% per annum from taxable securities merely to equal 4% per annum from tax-free Public Bonds.

That Public Bond underwriting has been growing at a much faster rate than other phases of the investment banking business can be seen in the following figures submitted by Mr. Laing.

	Annual avg. in billions 1921-1929	1954-1957	% Incr.
Corporation Bonds	$2.7	$7.7	184
Corporation "equities"	1.9	2.3	24
Tax-Free Public Bonds	1.4	6.3	360
Gross Nat'l Product	88.0	405.0	360
Population	0.115	0.166	43

Income Planning Assoc.

SOUTH MIAMI, Fla.—Income Planning Associates, Inc., has been formed with offices at 5830 Southwest Seventy-Third Street, to engage in a securities business. Officers are Harold J. Jenkins, President; Cenie S. Ogden, Vice-President; and V. C. Jenkins, Secretary and Treasurer. Mr. Jenkins was formerly with Waddell & Reed, Inc.

Public Utility Securities

By OWEN ELY

Savannah Electric & Power Company

Savannah Electric & Power supplies electricity to an area in southeastern Georgia with a population of 180,000, of whom 153,000 are in Savannah. The company was formerly a subsidiary in the Engineers Public Service System but in 1945 Engineers sold its interest to the Donner Estates in Philadelphia and affiliated interests. The Donner interests own nearly 50% of the common stock and are represented on the board by four directors. Stone & Webster Service Corp. has a service contract with Savannah Electric.

The city of Savannah is an important export-import center and is served by five railroads and three airlines. Industrial activities in the area are well diversified, including naval stores, cotton seed products, sugar, woodpulp, kraft paper and board, paper bags, gypsum products, asphalt roofing, lumber, chemical products, fertilizers and metal products. Ship repairing and related enterprises are also of importance.

The State of Georgia has been enjoying an industrial renaissance in recent years. Northern ports, such as Boston and New York, have been losing ground to the southern ports — Charleston, Savannah, Jacksonville, etc. The value of water-borne commerce moving through southern ports increased from $2.3 billion in 1946 to $5.9 billion in 1957, a gain of 156%. Also much new industry has come into Georgia and adjacent states, attracted by the lower wage rates, the absence of strikes and good year-round weather.

W. H. McGowan, Executive Secretary of the Savannah District Port Authority, says "Savannah attracts companies whose raw material is imported or whose products are shipped out by water." Southern ports are spending $300 million to improve their facilities; Savannah had to refuse entrance to 117 ships last year because of a shortage of dock facilities.

A survey last year indicated that Georgia ranked fourth in the U. S. (after California, Ohio and Texas) in securing new industries since World War II. Industrial companies which have completed important new plants in Savannah or are currently constructing them, include American Cyanamid, Southern Nitrogen, Johns-Manville, Ruberoid, Bestwall Gypsum, Union Bag, etc. Savannah has led all cities in Georgia of comparable size in industrial growth in recent years; and it ranked third among the best business cities last year, in a Rand-McNally "Business Trend" list (for the fourth year in a row it ranked among the ten best). Under the city's program for urban renewal, U. S. Housing Funds of $4,752,000 have been earmarked to clear areas of substandard housing, which will be replaced with new residential buildings, recreational areas and parks.

This area development has made Savannah Electric one of the "rapid growth" utilities. Revenues have doubled since 1950 and net income is up 267%. Last year revenues gained 13% and net income 21%. The company did equity financing in 1957 on a 1-for-6 basis, resulting in considerable dilution of share earnings, so that despite the gain in net share earnings were up only 1¢ to $1.37. This year an increase to $1.50 is anticipated. The growth record has been as follows:

Year	Revenues (Millions)	Share Earnings*
1958 Est.	$11.0	$1.50
1957	10.2	1.37
1956	9.0	1.36
1955	8.1	1.13
1954	7.3	1.18
1953	6.8	0.92
1952	6.2	0.67
1951	5.8	0.57
1950	5.2	0.63

*Adjusted for 2-for-1 split in 1957 and 3-for-1 in 1953.

Savannah Electric's revenues are approximately 44% residential, 32% commercial, 20% industrial and 4% miscellaneous. The average residential rate in 1957 was only 2.40c compared with the U. S. average of 2.56c; residential kw sales averaged 3,611, 14% above the U. S. average.

The company placed the Port Wentworth Power Station in operation this year, with a capability of 50,000 kw; while coal is to be the basic fuel it is designed to burn coal, oil or natural gas. The company has been buying a small amount of power from Georgia Power, under a contract which expires next June. Peak load has increased every year of the past decade and last year amounted to 116,000 kwh. The new unit will increase generating capacity by some 40%, affording ample margin over peak load.

However, completion of the new unit has substantially reduced the credit for interest charged to construction. Together with a tax adjustment resulting from a recent Treasury ruling on payroll taxes, this has had a temporarily adverse effect on the trend of monthly net earnings. In August, for example, net income showed a gain of 22% over last year while September showed a decline of 30%. While $1.58 was reported for the 12 months ended August, the September report was $1.53, and $1.50 is estimated for calendar year. In 1959, however, it is expected that the big new unit should contribute effectively to earnings, resulting in a renewed uptrend. The lag between the loss of the interest credit and the beginning of real earning-power from a new unit is a well-known characteristic of utility earnings.

Savannah Electric has been quoted recently in the over-the-counter market around 29. Paying $1 and earning about $1.50, the yield at that price would be 3.5% and the price-earnings ratio 19.4.

Form Progressive Investors

Progressive Investors has been formed with offices at 890 West End Avenue, New York City, to engage in a securities business. Officers are Paul Elfenbein, President; Sheldon Evans, Secretary and Treasurer; and C. Elfenbein, Vice-President.

A. R. Hickerson, Jr., With Peters, Writer, Christensen

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Allan R. Hickerson, Jr., has become associated with Peters, Writer & Christensen, Inc., 724 Seventeenth Street. Mr. Hickerson was formerly Vice-President of Walter & Company.

A. G. Becker Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Gerald A. Cicero has been added to the staff of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

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The Economic Outlook

the full effects of which are only new being felt.

Also, the Congress again turned to housing construction to stimulate the economy. The Housing Act of 1958, involving some $1.8 billion of direct facilitation of financing and lowering of financing requirements, turned the tide on home construction. As a result, housing starts at the rate of 1,220,000 units on a seasonally adjusted annual basis in September were not only 21% higher than September 1957, they were at levels never before reached in this country, except in the great housing boom of 1954 and 1955.

In addition to these direct and indirect efforts of government, the important contribution to recovery made by the easy-money, lower-interest-rate policies of the Federal Reserve authorities which prevailed until the middle of August should be kept in mind.

The Fear of Inflation

Despite the importance of governmental and monetary assistance, probably the most powerful of all the forces underlying the recovery is the almost universal anticipation of inflation. This fear of inflation was revived in virulent form when the January estimate of a precarious budget surplus of one-half billion dollars for fiscal '59 was succeeded by mounting estimates of deficits, until the latest one shows an anticipated budgetary deficit of $12.2 billion and a cash budget deficit of $13.7 billion! Furthermore, the man in the street can see that, despite grave international perils, the increased expenditures are largely in the field of non-defense spending, which is scheduled to rise $5.3 billion, or 21%. Moreover, he can see that anticipated government spending for national security and international affairs is still $4.3 billion, or nearly 10%, below the peak of $52.6 billion reached in fiscal '53, whereas non-defense spending of $30.9 billion is 42% above the 1953 level of $21.7 billion.

He also knows that the financing of this huge deficit necessarily must be largely through our commercial banks, which will inevitably cause a substantial increase in our money supply.

Faced with the spending spree of the 85th Congress and the certainty of a substantial increase in the money supply, is it any wonder that the man in the street anticipates inflation?

There Are Basic Weaknesses

Public confidence and booming stock market notwithstanding, there are basic weaknesses in our recovery. Most important of all, too much of the impetus of recovery has come from government spending and the anticipation of inflation flowing from it.

The **labor situation** too, with nearly five million unemployed and ever higher wage demands by the leaders of organized labor, presents a serious unsolved problem for the future. In this connection, consider the implications of the fact that factories increased production 9% on a seasonally adjusted basis between April and August this year, yet the number of production workers was increased only 1%! But, above all, consider the implications of the fact that even though all of the services of the present labor force cannot be sold at present prices (wages), labor leaders continually demand still higher prices!

The unemployment problem is compounded by the fact that great efforts have been made in every industry to substitute capital for labor — automation for human hands. Moreover, these all-out efforts to economize and reduce labor costs must be expected to continue as long as the profit squeeze continues. It follows that a lasting, material improvement in the employment and unemployment situation cannot be expected in the near future.

Exports, another basic factor, are in a consequential downtrend. This is easy to understand as reconstruction and rehabilitation have not only been completed in the important industrial countries of the Free World, they now have such modern equipment in many lines that they are able to produce at lower costs than we can.

Increased foreign competition is particularly serious because of the high production costs in this country. Agricultural price support policies long since priced us out of the world market for many farm products. And now, wage policies are doing the same thing on the industrial front, as can be seen in automobiles and other fields.

A categoric indication of how important this is in the steel industry, for example, is given in an April 17 speech in Cleveland by Mr. Roger M. Blough, Chairman of the Board, United States Steel Corporation, entitled "A Talk of Two Towns." In his talk he contrasts the costs of Cleveland and Dusseldorf as steel producing centers. Among other important things Mr. Blough points out that even before the opening of the St. Lawrence Seaway, which will make Cleveland an inland seaport, Dusseldorf is able to produce barbed wire, ship it to the sea, transport it across the ocean to New York, freight it to Cleveland by rail, haul it from the freight yards to the warehouse by truck and sell it to the jobber at $40 a ton less than the barbed wire U. S. Steel sells in Cleveland!

The shortages of World War II and the post-war period enabled us to compete internationally, despite our wage differentials. But now that the differential is greater and competition is keener, the handicap is indeed a serious one.

The Immediate Outlook

As for the business outlook for the days immediately ahead, it seems beyond question that business will continue to improve during the remainder of 1958. After all, this is the time of the year when business activity usually rises. Moreover, the automobile industry has started producing the 1959 cars, which will keep that industry busy between now and the end of the year. Also, the liquidation of inventories has slowed up to the point where it is approaching an end, if it has not already reached it. In fact, an upward inventory trend usually gets under way at this time of the year in preparation for the Christmas season.

The question of upmost importance at the present time is whether the inflation psychology will begin seriously to affect commodity prices and business activity. **So far, the fear of inflation has affected only the equity market. Commodity prices, on the whole, have remained stable.**

If the fear of inflation should spread to commodities and should induce ultimate consumers to spend more freely, and if it should induce management to increase capital expenditures on new plant and equipment, then the recovery will be much faster than has been the case up to now. Under such stimulation, the present recovery would accelerate into a boom which could not be sustained for any length of time. Inevitably, it would end in a break in business activity which could be of greater magnitude than occurred during 1957-58.

In particular, if business activity assumes the character of a boom and commodity prices resume their upward course, the Reserve authorities will be forced to adopt a policy of active credit restraint regardless of the effect such a policy would have on the bond market and on interest rates. Such a policy of active credit restraint would certainly have an adverse effect on home building, on construction in general, especially public works, and on many marginal businesses. As a result, after a while such a boom would come to an end and would be followed by a sharp decline.

Whether or not the present inflationary psychology, so much in evidence in Wall Street, will result in increased commodity prices and increased spending by the ultimate consumer is impossible to say. So far, happily, people in general prefer to save. Savings have increased considerably, as is evidenced by the growth in savings deposits of commercial banks and savings banks, the increased sale of shares of savings and loan associations, and the increased sale of life insurance. The large liquid assets, however, in the hands of our people constitute a potential threat because if people become really scared, they would not only spend their current income but also part of their savings, which would, of course, cause strong inflationary pressures.

Conclusions

My conclusions are very short. Business conditions are improving, although the pace of recovery has slowed down. Good Christmas trade is assured, but looking further ahead, there are basic weaknesses which must be carefully watched.

The outlook for business activity in 1959 depends to a large extent on whether the fears of inflation come to an end or are accentuated. In particular, if the fear of inflation persists and, especially, if it finds expression in higher commodity prices, active, yes, aggressive credit restraint must be anticipated. Under such circumstances, the upward surge would be followed by a sharp decline, perhaps even greater than was experienced in 1957-58.

It is to be devoutly hoped that the "hot-house" expansion of inflation can be avoided and orderly growth resumed. But this will require the combined efforts of all.

Forms May & Co.

PORTLAND, Oreg.—May & Co. has been formed with offices in the Executive Building to continue the investment business of Earle C. May. Officers of the company are Earle C. May, President; Cyril H. May, Vice-President; E. P. May, Secretary-Treasurer; and Richard R. Thompson, Assistant Secretary-Treasurer.

Mrs. Elizabeth Holbrook and William E. Jordan have joined the firm's staff.

With Copley & Co.

(Special to The Financial Chronicle)

COLORADO SPRINGS, Colo.—Thomas E. Savage has joined the staff of Copley and Company, Independence Building.

Columbine Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo. — Garry Bell, Anthony W. Bush, Joseph M. Casson, Jr., and Joe Steadman are now with Columbine Securities Corp., 621 Seventeenth Street.

Maxwell Sacks Opens

JERICHO, N. Y.—Maxwell M. Sacks is engaging in a securities business from offices at 9 Hightop Lane.

Harry M. Durning

Harry M. Durning, partner in Moore & Schley, New York City, passed away on Nov. 9.

Continued from first page

A Program to Strengthen Private Mortgage Market

arises every so often to substitute public funds for private credit in the financing of home building and certain other types of construction.

Naturally, I have a very particular interest in both of these matters. The Employment Act of 1946, which it is my privilege to help administer, declares it to be the policy of our Federal Government to use its full resources to promote the growth of our economy on a stable, sustainable basis and to do this in ways that will strengthen, not weaken or supplant, the institutions of free competitive enterprise. As I read the Employment Act, its letter no less than its spirit requires that we strive to bring about a more stable home building and home financing industry, and that we seek to reduce its reliance on public funds.

I hope I will not be misunderstood when I speak of home building activity as being unstable. Fluctuations in the rate of residential construction are perhaps no greater than those that occur from time to time in other areas of our economy. But they are greater than is good for the stability of our economy as a whole; and they are far greater, I believe, than they need to be.

Facts on Housing Instability

The facts concerning the instability of home building activity are quite striking. On an annual rate basis, new private housing starts have ranged in recent years between 1,300,000 and 990,000. On a monthly basis, they have varied between nearly 1,500,000, which was reached in late 1954, and just over 900,000, which was reached in the early months of this year. The possibility of improving this record should command the interest of anyone who prefers economic stability to instability, and to anyone who prefers economic growth at regular rates to growth by fits and starts.

But there is another feature of this record that is even more challenging. What I have in mind is the fact that, curiously enough, the instability in home construction activity is confined almost exclusively to that part that is financed through the federally-underwritten mortgage. In the ten years 1948-1957, the volume of homes started under Federal loan insurance or guarantee programs varied from as few as 297,000 to as many as 675,000. On the other hand, conventional mortgage financing of new construction, in which government plays no direct part, is a veritable model of stability. The volume of construction under this type of financing has remained remarkably stable at a level of between 600,000 and 650,000 starts a year. How are we to account for this striking difference?

We can be reasonably sure of one thing. These year-to-year and month-to-month fluctuations in home building are not due to changes in the underlying conditions of housing demand. This is not to say that demand conditions do not change from time to time, or that changes in them do not influence the housing market. Quite the contrary is the case. But the forces that operate from the demand side of the market are relatively slow in operation and, with the possible exception of the spectacular results produced in post-war demobilization periods, one cannot hold them responsible for the wide swings in activity which characterize the home building sector of our economy.

Principal Factors for Wide Swings

I think it must be conceded that the principal factors accountable for these wide swings in activity are the large and often very sudden changes that occur in the conditions under which home purchases can be financed, that is, in the availability of funds for the financing of home purchases and in the terms on which this financing can be obtained by prospective home buyers.

And I think it must also be conceded that these changes in mortgage markets are due only to a very small extent to changes in the aggregate volume of savings generated in our economy. On the contrary, savings are generated at a fairly regular rate. The fact is that sometimes the home mortgage market attracts an unusually large share of the aggregate flow of savings and at other times it is a very poor competitor, indeed, for what savings are available. Basically, it is a question of the attractiveness of the home mortgage, and more particularly of the federally-underwritten home mortgage, as compared with other possible media for the investment of savings. In the enterprise system which it is our mandate and wish to foster, competition for savings turns mainly on questions of yield. The problem is that the federally-underwritten home mortgage, on a yield basis, is sometimes unattractive as an investment relative to the other uses for investment funds with which it must compete; and at other times it is very attractive, indeed.

As we have seen more than once in recent years, the climate of the market, reflecting these yield relationships, can shift very quickly from one extreme to the other. There are no fully accurate measures of these shifts, but we have tolerably good indications of them. We do know that of the 60 or so housing market areas on which Federal agencies are in a position to make regular reports, funds for the absorption of FHA-insured loans have sometimes been adequately available in practically every area, as in mid-1955 and again in mid-1958, and at other times, as in late 1956 and during much of 1957, funds have been adequately available in only a small minority of areas. The swings in the availability of funds for investment in VA-guaranteed loans are even greater. We have passed through periods when there were no more than one or two market areas out of more than 60 in which it could be said that there was an adequate supply of funds available for this type of investment. In contrast to this, the supply of funds available for investment in conventional mortgages is remarkably stable and clearly more dependable.

The reasons for these changes in the climate of the mortgage market are quite clear. When interest rates and bond yields generally tend to rise, the investment return on mortgages ordinarily reacts more slowly. As a result, the differential or spread between the yield that can be earned on an insured or guaranteed mortgage and on other competitive investments is subject to rather wide and often very sudden changes. Thus, the differential between the yield on FHA-insured mortgages and on U. S. Government bonds of ten years' maturity and over, varied from nearly 2.15 percentage points in the first half of 1954 to less than 1.75 percentage points in 1956 and in mid-1957. The spread rose to more than 2.30 percentage points in the early months of this year, and in September appears to

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have dropped to around 1.75 percentage points.

Fixed versus Free Interest Rates

It is these changing spreads between the yield on federally-underwritten mortgages and on competitive investments that explain why funds sometimes flow freely into the federally - underwritten home mortgage market, and at other times are exceedingly hard to come by. If we could eliminate or substantially reduce these wide changes we could take a long step toward our goal of creating more stable conditions in the home building industry.

The impact on the housing market of these changes in the availability of funds for home mortgage financing is very great. They produce sudden and often very drastic changes in the terms on which mortgage credit is available to the prospective home owner, and thereby affect the scope of the market. When the inflow of funds to the mortgage market is heavy, contract terms tend quickly to become more liberal and the market expands. When the tide turns the other way, the terms on which home financing is available to American families quickly become more severe, and the housing market tends to shrink.

There are ample facts to bear out the reality of these changes. In 1955, for example, 33% of all FHA-insured loans on new construction were made with a loan-to-value ratio falling between 91 to 95%; but in 1957 this percentage fell to less than 8%. And the drop was not due to any change in our housing laws; in fact, the housing laws had been made more liberal in the meantime. Then, with a suddenness that set new standards even for the mortgage banking business, this percentage rose until it stood at nearly 30% at the end of 1957. The most recent figures indicate that in April about 40% of FHA-insured loans carried these terms and another 12% were being made at the even more liberal downpayment terms authorized by the Housing Act of 1957.

Recalls Lax Credit of 1954-55

The meteoric rise of the no-down-payment loan in late '54 and early '55 is of such recent memory that I need not burden you with a recital of the relevant statistics, nor need I remind you of how quickly the no-down-payment loan receded as credit and capital market conditions tightened in 1956 and 1957.

The fact that the yield on the home mortgage loan tends to react somewhat more slowly to changes in the credit and capital markets than does the yield on other types of investments is partly responsible for these wide swings in yield differentials. I think it is fair to say that the current market provides a good example of this. But in addition to this natural characteristic of the home mortgage as an investment asset, which affects conventional as well as federally-underwritten mortgages, the yield on mortgages carrying federal insurance or guarantee are variously subject to additional limitations on their ability to adapt to changes in credit and capital market conditions. These are the maximum interest rate ceilings and other restrictions to which they are subject under the law. These limitations vary among programs, and in various programs have varied widely at different times. In some cases, fortunately, a fairly wide latitude is left with the program administrator to adjust maximum interest rates as market conditions suggest; in other cases, the degree of administrative discretion authorized under the law is very limited; and in the last session of the Congress a formula was introduced under which flexibility of contract interest rates under one program was made contingent on the rates prevailing in a second program.

Disruptive Ceiling Rate

As is true in every case of price control, no great difficulty is encountered as long as the legal ceiling does not stand in the way of market adjustments. But when the yield dictated by market conditions collides with the legal ceiling, trouble begins. When this happens, as it does from time to time, some relief can be obtained through the medium of discounts, but there are practical limitations on the extent of this relief since funds flow most freely when prices are at or close to par, a condition that requires flexibility in contract rates. Still discounts do provide an important degree of flexibility where contract rates are fixed by law, and when this flexibility is eliminated by the prohibition of discounts, or by the necessity to subject them to restrictive controls, we have the perfect formula for blocking the flow of funds into home financing.

Let me say that these alternating periods of feast and famine in the home mortgage market that are produced by these inflexibilities are no comfort at all to the Council of Economic Advisers. And I do not see how they could be any great comfort to this industry, or to the home building industry. We would all be better off if the flow of funds into home building and home financing were less erratic.

Substituting Public for Private Credit

The second of the two problems to which I am addressing my remarks, namely the temptation to substitute public funds for private credit in the financing of home construction, is related to these alternating periods of feast and famine, more particularly to the periods of famine. I am not overlooking the occasions on which public credit is substituted for private credit in other sectors of our economy, but for the moment I want to comment only on its occurrence in home mortgage financing.

When the availability of private funds for investment in home mortgages is at a low ebb, and when lending terms become more severe, proposals are invariably made for the Federal Government to step in and to provide the financing which private credit institutions are allegedly unable to supply in adequate amounts and on appropriate terms. The most popular formula for solving this problem is to propose that the mortgages be bought by the Federal National Mortgage Association under its special assistance programs.

I know that I need not tell you that this formula does not get at the root of the problem. And I know that I need not tell you that the application of this formula has very direct budgetary implications. During the fiscal year 1958 alone, commitments were made by the Federal National Mortgage Association to purchase FHA-insured and VA-guaranteed home mortgages in the amount of \$1½ billion. It is currently estimated that in the fiscal year 1959, as it becomes necessary to acquire the mortgages for which these commitments were made, Federal spending will rise on this account by more than \$1 billion. This increase accounts for a large part of the prospective Federal deficit. It accounts for only a little less than 10% of the deficit as a whole, and almost 15% of that part attributable to increased expenditures.

I think we would all agree that the Federal Government should make every effort to avoid blocking the flow of private credit into home financing. Indeed, it should seek out every opportunity to facilitate that flow. By doing this we can produce all kinds of good results for our country.

We can have a high level of home building at reasonably stable and sustainable rates.

A more stable home building business means steadier employment in the construction industry, and in all the other industries whose fortunes are largely linked to construction activity.

The American home buyer will benefit, for steadier building means greater opportunity to practice the techniques that give us lower home building costs.

And, finally, we can stop up one of the principal sources of needless Federal spending, thus helping to avoid Federal budget deficits and all the problems to which they give rise.

Lists What Should Be Done

How can we accomplish these engaging goals? I believe there are certain things we can do that would be helpful to this end, and I know there are certain things we must avoid doing, if we are to achieve these highly desirable results.

First, the housing and home financing laws of our country should be reviewed, from top to bottom, with the object of eliminating or correcting those provisions, particularly those that affect the flexibility of interest rates, that tend to impede the flow of private funds into home financing, and to cause public funds to be substituted for private credit.

Second, we should avoid introducing inflexibilities and rigidities into our home financing markets by laws that require Federal purchases of mortgages at par, without regard to competitive market conditions.

Third, we should never again place legal limitations on the ability of the Federally-insured or guaranteed mortgage to adjust itself to changing credit and capital conditions through changes in its price.

Finally, laws pertaining to direct lending by the Federal Government should be restudied to the end that credit shall not be available to qualifying users under these programs on terms that are more attractive than those prevailing for credits of a similar character in open competitive markets.

These standards, which I put forward entirely on a personal basis, seem reasonable ones to be followed in our Federal home financing laws. Flexibility is the key to them all—flexible interest rates, flexible prices on Federal purchases of mortgages, and flexible prices in the private mortgage market. I trust that as we see the consequences of departing from these basic standards the need for following them will become more widely accepted, and departures from them will be increasingly rare.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William M. Craven is now with Paine, Webber, Jackson & Curtis, 24 Federal Street.

Now With Stowers Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Middleton S. Carroll is now affiliated with Stowers & Company, 4725 Wyandotte Street.

Joins G. H. Walker Co.

ST. LOUIS, Mo. — George H. Walker, III, has joined the staff of G. H. Walker & Co., 503 Locust Street, members of the New York and Midwest Stock Exchanges.

With John Douglas Co.

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Richard A. Nelsen has become associated with John Douglas & Company Inc., Insurance Building. He was formerly with Kirkpatrick-Pettis Co. and Halsey, Stuart & Co., Inc.

Securities Salesman's Corner

By JOHN DUTTON

Your Former Clients May Be Waiting To Hear From You

It may be surprising to some of the lay readers of this column, but not to the members of the security selling profession I am sure, that like all others in this mortal world that the writer of this column has lost some customers over the years. Sometimes the reason is a combination of unavoidable circumstances, bad luck with an account, misunderstandings of objectives, bad timing of purchases or sales, or the customer thinks he can do better elsewhere. Whatever the reason, customers do go away and sometimes they come back.

Some Clients Should Be Recultivated

Several years ago I had an account which illustrates the more common aspects of the emotional reactions of many amateur speculators in securities. I received a telephone call from a customer who was very much upset because several of the speculative situations which he had bought at my suggestion were poorly timed. He decided right then and there that two substantial blocks of securities should be sold and, against my strongest efforts to persuade him against it, he proceeded to sell out at the very bottom of an extended decline which produced a rather hefty loss in the account. He then took his business elsewhere but we would still discuss the other stocks which I had sold him. I continued to keep him posted on these two remaining situations and our personal relations were at least mildly friendly, although I am certain that he was silently critical of my advice on speculative stocks (which he favored although he considered himself an investor).

Meanwhile the current "bull-market" was reborn again and, with the business recovery and a more favorable market, other speculators began to buy into the two speculative situations which my good client had sold at the bottom. Both stocks had slowly been creeping upward during the year since my client had sold. Several times I called him on the telephone and, without pressure or any "I-told-you-sos," I suggested the replacement of the original position, but of course this was out of the question. Said he, "both stocks were just no good, he had been a chump to buy them in the first place, he had lost enough on them. Thanks Mr. Dutton and Good-Bye!"

A business recovery, a boiling market, and a changed public psychology can do a lot to make some sick looking speculations look healthy again. Meanwhile, the other two stocks which this man had originally acquired on my suggestion also began to make good in a very substantial way. Profits continued to mount and I would still telephone occasionally and keep my departed ex-customer advised as to progress reports on the situations I had originally sold him. Quite frankly, this was done as a matter of policy, and as a continuing obligation which I believe is owed to a client, rather than as an attempt to establish a renewed business relationship.

Somewhat to my surprise, about a month ago my ex-customer turned the tables on me and I received a telephone call from him. Now he was in the mood to take a profit on the two remaining stocks which I had originally sold him. He stated frankly that he wanted my opinion as to whether or not he should do so. Obviously, since I had been keeping him advised (although he did not mention his bad timing of the sale and I am sure still held me accountable for the bad timing of the purchase) he wanted some help.

During the past few weeks we have worked out of his position at a nice profit and he seems to feel much better again. No one can be 100% right in their timing, or in their selection of speculative securities. The best you can do is to take the known factors into consideration and act upon the best judgment possible.

Some Sheep Stray, Some Come Home Again

Although this common occurrence between securities salesmen and their more emotionally inclined speculative clients can be trying at times, many of these people can become productive accounts if you have patience and you do not take their moods and idiosyncracies too seriously. Those investment accounts which are concerned with the conservation of capital and are primarily interested in the production of income are naturally more productive of steady business; but it is also important to be able to service speculative accounts as well. Unless a customer has definitely closed the door against you, don't forget to keep in touch with him (providing you have a reason to do so) as was the case here. Some strayed sheep do come home again.

Bryan M. Allen Opens

JACKSON, Miss. — Bryan M. Allen is engaging in a securities business from offices in the Primos Fondren Building.

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The American Economy— Problems and Prospects

considerable importance in weakening opposition to inflation is the fact that creeping inflation prevents injustice as well as causes injustice.

A striking aspect of the discussion of inflation is that the outspoken opponents of creeping inflation are bankers, prominent business executives, eminent economists, members of the Board of Governors of the Federal Reserve System, the President of the United States, and other well-heeled individuals, none of whom, by any stretch of the imagination, can be regarded as victims of inflation. Conspicuous by its absence is any protest against creeping inflation by the alleged victims. The people who are supposed to suffer from creeping inflation do not indulge in any of the customary methods of protest—they do not march on Washington, they do not picket the White House or the halls of Congress or the headquarters of trade unions. Their most conspicuous action is to vote for candidates whom President Eisenhower describes as "spenders." Hence, one must conclude that the failure of well-meaning people to persuade the country that creeping inflation is causing acute distress stems from the simple fact that these public-spirited people are mistaken and that inflation is not causing the acute distress which they attribute to it.

The economy expanded rapidly between the second and the third quarters—at a rate of $11 billion a year. The most important element in the expansion was the drop in the rate of inventory liquidation. Recovery was retarded by a substantial rise in the rate of saving.

The rate of production is still about $25 billion to $30 billion a year below the capacity of the economy. Though the expansion of production has been rapid, the recovery of the economy is still limited. Reduction of inventories was going on throughout the third quarter, and possibly even in October; there has been no increase as yet in expenditures for producers' durable equipment or for miscellaneous industrial and commercial construction; and there has been little rise in outlays for durable consumer goods. Employment in October showed only seasonal changes.

Construction contract awards in September dropped to the lowest level since April, but new orders of manufacturers reached the highest level since August, 1957.

Retail sales in October made a strong recovery from the surprising dip in September, and were the highest in 12 months.

The price level is showing little movement, and the money and capital markets have shown little change during the last month. Thus far the Federal Government has been able to finance its current large deficit without extended resort to bank borrowing.

The influences making for creeping inflation in the American economy are so numerous and powerful that the prospect of halting inflation is remote. Creeping inflation probably prevents more injustice than it creates.

The present abnormally low level of expenditures for durable consumer goods indicates that a substantial boom in this field is ahead, though most of the boom may not arrive before 1960.

II
The Course of Recovery

The annual rate of production, according to the latest government estimates, gained $11 billion between the second and third quarters of 1958—a considerably greater gain than the rise of $3.2 billion a year between the first and second quarters. The annual rate of production of $440 billion in the third quarter was roughly $25 billion to $30 billion a year below the capacity of the economy operating at normal working hours.

The gain of $11 billion a year in gross output between the second and the third quarters was attributable to three principal influences — a drop in the rate of inventory liquidation, a rise in the government purchases of goods and services, and a rise in personal consumption expenditures. Of these three influences, the drop in the rate of inventory accumulation was most important. The increases attributable to each of the three influences between the second and third quarters were:

	Billion
Drop in rate of inventory liquidation	$4.0
Rise in personal consumption expenditures	3.7
Rise in government purchases of goods & services	2.1

There was also an increase of $1.7 billion a year in non-farm residential construction.

Underlying the rise in personal consumption expenditures was an increase on personal income of $7.7 billion a year between the second and third quarters. The rise in personal income was accounted for to only a small extent by larger transfer payments which increased from $26.2 billion a year in the second quarter to $26.8 billion in the third. In the main the rise in personal income was due to an increase of $5.1 billion in the annual rate of wage and salary payments. The rise in wage and salary payments in turn was due to two principal causes: (1) an increase in hours worked resulting from the reduction in inventory liquidation, the rise in government purchases of goods and services, and the increased spending on housing, and (2) a continuation of wage increases. The recovery of the economy was retarded by a substantial rise in the rate of personal saving between the second and third quarters.

III
The Limited Nature of the Recovery Up to Now

The prospects for business in the immediate future look bright because of the fact that the recovery up to now has been quite limited in scope. Hence there is much room for a broadening of the recovery. The limited nature of the recovery is indicated by the following facts:

(1) The liquidation of inventories was still going on in the third quarter at the high rate of $4 billion a year and was even continuing in the last month of the quarter.

(2) The third quarter showed no increase in expenditures for producers' durable equipment or for miscellaneous industrial and commercial construction — though new orders and contracts for these things had begun to increase.

(3) The third quarter showed only a very small rise in personal consumption expenditures for durable consumer goods. Indeed, though personal income after taxes in the third quarter were $9 billion a year larger than in the first quarter, outlays for durable consumer goods were only slightly greater than in the first quarter. In other words, the economy has not yet received the strong stimulus that it may eventually be expected to get from larger expenditures on durable consumer goods.

(4) The third quarter showed a fairly sharp rise in the rate of personal saving to a level that will probably not be kept.

IV
Production and Employment

Steel production, after rising steadily from 1,771,000 tons in the week beginning Sept. 15, to 2,026,000 tons in the week beginning Oct. 20, has leveled off. It was 2,024,000 tons in the week beginning Oct. 27 and was expected to be 2,011,000 tons in the week beginning Nov. 3. Demand for steel has been held down by strikes in the automobile industry.

Model changeovers and strikes caused output of automobile passenger cars to drop from 321,053 in July to 180,952 in August and to 131,952 in September. Strikes, especially in General Motors, held production in October down to 261,696 cars in comparison with 327,363 in October, 1957. The strikes among the automobile manufacturers have now been settled, but some strikes continue among parts makers. The car manufacturers will produce at a high rate (more than 400,000 cars) in November in order to stock dealers. It remains to be seen how well the new cars will sell. Most of them emphasize out-of-date features against which the public rebelled last year.

The dollar volume of construction in October was 3% above October, 1957, and, after correction for seasonal factors, set an all-time high—nearly 2% above the previous all-time high in December, 1957. As there have been no significant changes in the cost of building, this figure for October represents a gain in the physical volume of construction. Employment in contract construction in September was about 3% below September, 1957—reflecting some gain in efficiency.

Employment in October showed only seasonal changes. It was about 700,000 less than in October, 1957. The seasonal drop in unemployment brought unemployment down to 3,805,000—the first time since last December that unemployment has been below 4 million.

The Department of Commerce and the Department of Labor continue to disagree concerning the extent to which the recovery of business has increased the number of wage and salary workers outside of agriculture and outside of households. The Department of Commerce estimates the increase from March to September at 987,000; and Department of Labor at 1,420,000. But for the period from March to August, the position of the two agencies was reversed. The Department of Commerce estimated the rise at 1,102,000, and the Department of Labor at only 865,000. The disagreement between the two departments with respect to August and September was particularly marked. The Department of Labor said that non-agricultural wage and salary employment outside of households increased by 555,000 between August and September; the Department of Commerce said that it dropped by 115,000. These discrepancies between the estimates of the Department of Commerce and the Department of Labor are a warning of the limited reliability that can be attached to month-to-month comparisons.

V
Personal Income

In September personal income, for the third month in succession, made an all-time high—$6.1 billion as an annual rate above the rate in August, 1957, at the end of the boom, or a rise of 1.7%. Transfer payments in September, 1958, were $5.7 billion above August, 1957. Most of this gain in transfer payments will be permanent because much of it represents higher old age and survivors' benefits and some of it represents more liberal unemployment compensation payments. Hours worked by wage and salary workers in September were about 1.5% less than a year ago, but wage and salary payments were only about 45/100 of 1% less.

VI
Retail Sales and Consumer Credit

Retail sales, after a surprising dip in September to the lowest level in four months, rose in October to $16,912 million, virtually the same level as September, 1957, and the best level in 12 months. There have been only three months (July, 1957, August, 1957 and September, 1957) when retail sales were higher than in October, 1958.

The gain, after adjustment for seasonal factors, between September and October, was 2.1% for all of retail sales. For durables, the gain was 4.5%, and for non-durables, 1.1%. Sales of non-durables reached $11,590 million, the second highest monthly sales of non-durables on record. The peak month was August, 1958. Sales of non-durables in October, after adjustment for seasonal factors, were 2.7% above August, 1957, at the termination of the boom.

Consumer credit increased by only $21 million in September—a month when consumer credit usually increases by a fairly substantial amount. For the first time since September, 1943, the volume of consumer credit outstanding is less than it was a year ago.

The small increase in total consumer credit is attributable to the drop of $181 million in the total volume of outstanding automobile instalment loans between August and September. In the year ending with September automobile loans outstanding dropped by $1.1 billion.

TABLE I

	Dec. 1956	Aug. 1957	Sept. 1957	Jan. 1958	Mar. 1958	June 1958	Aug. 1958	Sept. 1958
All manufacturing and trade	1.56	1.60	1.62	1.67	1.72	1.62	1.57	1.56
All manufacturing	1.82	1.90	1.92	2.00	2.09	1.95	1.87	1.85
Durable goods	2.12	2.22	2.26	2.43	2.56	2.36	2.27	2.22
Non-durable goods	1.51	1.57	1.58	1.63	1.66	1.58	1.53	1.50
All wholesale trade	1.10	1.12	1.14	1.18	1.20	1.11	1.09	1.06
Durable goods	1.50	1.60	1.64	1.74	1.78	1.63	1.55	1.51
Non-durable goods	.86	.85	.86	.87	.88	.84	.82	.81
All retail trade	1.47	1.43	1.44	1.47	1.50	1.45	1.41	1.43
Durable goods	1.84	1.93	1.95	2.05	2.20	2.12	2.04	2.06
Non-durable goods	1.25	1.17	1.18	1.17	1.18	1.17	1.14	1.15

The ratio of manufacturing inventories to monthly new orders continues to drop, and in September was well below the level at the end of the boom in August, 1957.

	Dec. 1956	Aug. 1957	Sept. 1957	Dec. 1957	Feb. 1958	Mar. 1958	June 1958	Aug. 1958	Sept. 1958
All manufacturing	1.80	1.99	2.04	2.13	2.18	2.10	1.95	1.89	1.84
Durable goods	2.12	2.40	2.55	2.73	2.86	2.60	2.32	2.30	2.22
Non-durable goods	1.49	1.48	1.59	1.64	1.66	1.66	1.61	1.54	1.50

TABLE II

	Week Ending			Month of			
	Nov. 4 1958	Oct. 28 1958	Oct. 7 1958	Sept. 1958	Aug. 1958	Mar. 1958	Sept. 1957
All commodities	118.7	118.6	118.8	119.1	119.1	119.7	118.0
Farm products	91.4	90.9	92.1	93.1	93.2	100.5	91.0
Processed foods	109.8	109.6	110.3	111.2	111.3	110.7	106.5
Commodities other than farm products & foods	126.2	126.1	126.1	126.2	126.1	125.7	126.0

VII
New Orders, Contract Awards, And Inventories

Among purchasing agents reporting to the National Association of Purchasing Agents, those reporting an increase in orders dropped from 58% in September to 50% in October, and those reporting no change increased from 29% to 38%. Those reporting a decrease were little changed—dropping from 13% to 12%.

Construction contract awards, which set an all-time high in August, dropped drastically in September, after adjustment for seasonal factors, by $6.4 billion a year—the lowest rate since last April. Construction contract awards in September were 26.1% above September, 1957, but contract awards in September, 1957, after adjustment for seasonal factors, were well below the average for the year.

Heavy engineering contract awards, which until recently have been running well above 1957, have in the last four weeks ending Nov. 3 been 16.6% less than in the corresponding period of 1957. This unfavorable trend thus far is of short duration, but it will bear watching.

Manufacturers' new orders in September, after correction for seasonal influences, increased substantially to $26.8 billion, the highest figure since August, 1957. There were good gains in orders for both durables and non-durables. An encouraging fact is that the gian in new orders occurred in spite of a decline in defense orders for non-automotive transportation equipment. In spite of the large jump in new orders, unfilled orders of manufacturers (which are not corrected for seasonal factors) dropped substantially from $46.7 billion at the end of August to $46.1 billion at the end of September.

Retailers and manufacturers continued to reduce inventories in September, but the rate of reduction continues to decline. In September the drop in the book value of manufacturing and trade inventories was $400 million—the same as in August but less than the drop of $500 million in July. The poll of the National Association of Purchasing Agents states that 31% of the reporting firms were still cutting inventories in October, 19% were increasing them, and 50% were not changing them.

The ratio of inventories to monthly deliveries, which has been declining since March, is now well below the level of August, 1957, at the end of the boom. (Table I)

The book value of manufacturers' inventories of durables is 11.6% below a year ago and of non-durables nearly 5.4% below.

VIII
Prices

The daily index of 22 sensitive prices, which showed little change between the end of May and the end of September (except for a temporary bulge in late July and early August caused by the crisis in the Near East), shows signs of creeping up in spite of the drop in the raw food component. The index, which was 86.3 (1947-49=100) on May 27 and 85.6 on Oct. 1, rose to 87.8 on Nov. 6. The raw food component, influenced by enormous crops in the United States, dropped from 84.2 on Oct. 1 to 83.5 on Nov. 6, but the industrial commodities component, influenced by business recovery, rose from 98.4 on Oct. 1 to 90.8 on Nov. 6, and the index of metals' prices increased in the same period from 92.3 to 99.2.

The index of wholesale prices continues to be pulled down slightly by the drop in the prices of farm products, while the index of commodities other than farm products and foods remains steady (Table II)

In the months immediately

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ahead the prices of commodities other than farm products and foods will tend to rise slowly and farm products will continue to drop, in spite of the efforts of the government to keep up farm prices by spending nearly $5 billion of the taxpayers' money for this purpose. There is no more fantastic enterprise in the American economy than the attempt of the government to prevent the technological revolution in agriculture from reducing prices to the consumers. There is particular irony attached to the nonsense because all politicians of both parties piously claim to be opposed to inflation. But the extraordinary prosperity of American consumers and the profound complacency bred by this prosperity makes it good politics for each of the two political parties to favor heavy additional taxation for the purpose of keeping up the prices of food and fiber.

The consumer price index did not rise between August and September. Although the index continued to increase throughout the general business contraction beginning in August, 1957, it has scarcely risen at all during the period of recovery. It was 123.5 (1947-49=100) in April and 123.7 in September. The index of food prices has dropped from 121.6 in April to 120.3 in September. The largest rises have been in medical care which has increased substantially from 142.3 in April to 146 in September, and in transportation, which, in the same period, increased from 138.7 to 141.3.

IX
The Money and Capital Markets

The money and capital markets have been quiet during the last month. The bill rate, which was 2.920 on Sept. 29, rose to 2.927 on Oct. 10, but was 2.647 on Oct. 27 and 2.649 on Nov. 3. All of the Federal Reserve Banks have raised their rediscount rates to 2½%, but these changes do not seem to indicate a change of policy. Federal Reserve policy is indicated by the volume of free reserves (surplus reserves less borrowings), and the free reserves of the member banks continue about where they were in September and the latter part of August—around $100 million. On Oct. 1, free reserves were $92 million, on Oct. 29, $99 million, and on Nov. 5, $47 million.

The business loans of reporting member banks have increased by $675 million from Aug. 6 to Oct. 29, in comparison with a small decrease in the same period last year and an increase of $1.167 million in 1956. The weekly reporting member banks on Oct. 29 held a smaller volume of government securities than they did on Sept. 17, shortly before the government raised $2.7 billion in new money through two short-term issues on Sept. 29. Corporate demand for short-term government securities is strong.

There has been little change in the selling prices of recently issued long-term securities during the last month, and the Dow-Jones index of 40 seasoned bonds has also shown little movement. It was 86.63 on Oct. 1, 86.35 on Oct. 13, and 86.23 on Nov. 7. Yields on long-term securities are about as high today as at the peak of the tight credit policy in September and October, 1957. The recent change in Federal Reserve policy has not yet had time to affect the scale of residential construction. The new Congress which convenes in January is likely to put more government credit at the disposal of the residential building industry.

The backlog of new issues of corporate bonds and preferred stocks remains much smaller than in the spring months when it was around $1.7 billion. On Oct. 3 it was $1.2 billion, and on Nov. 6, $1.1 billion. On Nov. 4 the states and localities of the country voted on $2.2 billion of bond issues, and approved issues representing 80% of the dollar amount — though about half of the issues were rejected. The volume of issues voted on was second only to the $2.7 billion voted on in 1956.

The Treasury is about to seek $3 billion in new money, and a principal problem of the money market is to find buyers for the Treasury's securities in an age of inflation. Treasury spokesmen have asked institutional buyers to purchase government bonds as a contribution toward preventing a further drop in the value of the dollar. This is a poor reason for buying a bond, especially when the government deficit is only one of many influences tending to make the dollar worth less.

X
How Will the Recovery Be Financed?

Many thoughtful persons are deeply disturbed over the capacity of the economy to finance a recovery without resort to inflationary methods. Personal saving is at about the same rate as a year ago, net corporate saving has dropped from over $9 billion in 1957 to an annual rate of little more than $3 billion in the first half of 1958, and there is no government saving. The deficit in the Federal budget in the current calendar year will be about $6.5 billion, the cities and states will spend several billion dollars more than they collect in the form of taxes, and funds will be needed to finance capital expenditures by business and to finance housing. Where will the money come from?

Some of it will be provided by an expansion of bank credit—**as it should be.** It has been generally true throughout most of the last century and a half that the propensity to save has been too small to provide the economy with the funds needed to finance its expansion. Part of the needed funds have ordinarily come from the growth of the banking system, and the need for a growing banking system will undoubtedly exist indefinitely. The crucial question is whether the demand for investment funds is so large and the source of investment funds so small that a dangerously large expansion of credit will be necessary.

The needs for investment-seeking funds resulting from the rise in the government deficit and the drop in the rate of private investment may be estimated for the calendar year 1958 at roughly $4.4 billion less than last year—the result of a shift in the Federal cash budget from a surplus of about $1.1 billion in the calendar year 1957 to a deficit of about $6.5 billion in the calendar year 1958, and a drop of about $12 billion in gross private investment. Personal saving will be about the same in absolute amount in 1958 as in 1957, and gross corporate saving will be between $5 billion and $6 billion less than in 1957. Hence, it looks as if the demand for investment-seeking funds will drop slightly less than the supply of saving, but the relationship between the two, based on the totals for the year, will be about the same as it was last year.

The prospect is good that for the rest of this year at least the recovery can be financed out of corporate savings—since gross private investment has dropped far more than corporate saving. Of course, comparisons based on totals for the year do not take account of strains introduced into the money market by seasonal shifts in the demand for investment funds and in the supply of such funds. In recent years the state of the Federal budget has shown pronounced seasonal shifts. One of the purposes of a banking system is to mitigate the effects of these seasonl savings on the demand for long-term funds and the supply of them.

XI
The Formidable Forces Making For Inflation

Almost everyone professes to be against inflation. Indeed, opposition to inflation is the only position that is respectable. Furthermore, it is fashionable (though erroneous) to predict that even creeping inflation will eventually produce dire results.

In view of the almost universal opposition to inflation and the general acceptance of the view that even a slow rise in prices is a great calamity, one must regard it as paradoxical that almost nothing is done about inflation. Why does a community tolerate a phenomenon that almost everyone asserts will eventually result in disaster? The explanation is simple. However much most people may give lip service to opposition to inflation, they work hard to do things and to get things that tend to produce inflation. The alleged opposition of the country to inflation is superficial, if not phony. What matters is what people **do**—not what they **say.** Judged by what people do, the country is strongly in favor of inflation. The wonder is not that the country has a little inflation, but that, in spite of powerful pro-inflationary influences, it has so little.

There are nine principal groups in the community that knowingly or unknowingly are working for inflation. They may be divided into the groups that work to raise the demand for goods and the groups that work to raise the cost of goods.

The principal groups and organizations tending to raise the demand for goods are as follows:

(1) **The construction industry.** This industry consists of many thousands of contractors, producers of building materials and manfacturers of construction equipment, and more than two and a half million workers, most of whom are organized into powerful trade unions. The political connections of the construction industry with both parties at all levels of government are numerous and close. Virtually all groups in the construction industry at all times are eager for more public expenditures on public buildings and public works of various kinds and, in addition, are interested in the government's taking various steps to encourage private construction, especially private residential construction.

(2) **The various industries making defense goods for the government.** The defense program has made thousands of enterprises dependent for a considerable part of their market upon defense buying by the government. Likewise, the jobs of a large part of the work force of these enterprises are dependent upon government buying. Attempts of the government to cut down buying obsolete defense goods meet resistance because cutbacks will throw voters out of work.

Fortunately, defense needs have greatly accelerated technological progress, so that the net cost of the defense program to the country is probably small. The jet airplane, the electronics industry in all its branches, materials capable of resisting extremes of temperature, miniaturization, and many aspects of technology have all been speeded up by defense spending to the great advantage of the community. But even when defense spending raises productivity (as it frequently does), it is an inflationary influence because the technological advance for which the defense program is partly responsible creates investment opportunities and helps the demand for investment-seeking funds outrun the supply. The defense program is a good illustration of how technological progress by creating investment opportunities tends to produce inflation.

(3) **The consumer credit industry.** Consumer credit has become a large and flourishing industry. More than $40 billion of consumer credit is outstanding, and consumer credit has been developed into a power device for selling everything from automobiles and household appliances to trips to Europe and meals in restaurants. The sociological effects of the great spread of consumer credit are far-reaching and, on the whole, good. Certainly the method of buying first and saving afterward has enabled millions of families in modest circumstances to buy goods that they would never have acquired by conventional methods of saving. But the expansion of consumer credit is financed in no small measure by the growth of bank credit. Hence, though this rapidly expanding industry encourages saving, it is also an inflationary influence.

The Federal Reserve should have authority to regulate the terms of consumer credit as it did during the Second World War and during the Korean War, but such a proposal would arouse overwhelming opposition from the retailers of durable consumer goods, from the manufacturers of these goods, and from their employees. Against such an array of opposition there is no chance that Congress would give the Federal Reserve the necessary authority.

(4) **The recipients of old age pensions and old age assistance.** This group is often described as one which suffers from inflation. As a matter of fact, the so-called "senior" citizens are a powerful pressure group with an insatiable demand for bigger handouts. Consequently, they are a strong influence for bigger government spending and for inflation.

(5) **The veterans.** The veterans are an extremely articulate and aggressive group, quite unabashed in pressing demands for expensive special privileges. Few politicians dare go very far in opposing the insatiable demands of the veterans for more and more. The government spends more than $5 billion a year on veterans—much of it unjustified. For example, so-called "disability" pensions are awarded without proper regard to the realities of disability, and free hospitalization is provided on a large scale for disabilities not incurred in military service. And the veterans, not content with what they have, are constantly demanding more and more.

(6) **The research scientists and engineers.** The research scientists and engineers would undoubtedly be surprised at finding themselves described as a group tending to produce inflation. Nevertheless, since they have been doing a remarkable job in developing new investment opportunities, they must be regarded as an inflationary influence. By developing new processes and new kinds of goods, they help the demand for investment-seeking funds outrun the supply, and thus tend to inflate the money supply. Technological progress also raises output per manhour but, since it also increases the demand for capital, it tends to raise wages rather than to reduce prices.

No feature of our economy is more encouraging than the steady growth in the body of knowledge available for industrial application and the rapidly growing number of scientists and engineers. But the expanding industry of research illustrates how inextricably inflation is tied in with good features of the economy. Growing scientific research and development tends simulaneously to produce both inflation and higher standards of consumption.

(7) **The politicians of both parties.** With relatively few exceptions, the politicians of both parties are a strong influence for more government spending at the local, state, and national levels. Spending is a way of satisfying the demand of constituents for a large number of things, some badly needed (schools, highways, inland waterways, better harbor facilities, additions to the water supply, sewage disposal, flood control) and other projects that are not so badly needed. From the standpoint of the politicians, the test is the popular demand for the project. Regardless of whether need for the expenditures is great or small, the outlay means more jobs, and more jobs help the politicians meet the insistent demand from their supporters for government employment.

There are two principal influences on the cost side which tend to produce inflation — the trade unions and the farmers.

(1) **The trade unions.** The trade unions have about 18 million members. Their principal business is getting wage increases for their members. The trade unions are not interested in limiting the wage increases that they obtain by any particular yardstick. Most of them reject the idea that wages should not rise faster than output per manhour. The members expect the union to do the best that it can for them, and there is more or less rivalry between unions to better the record of other unions in winning wage increases. In recent years hourly compensation of employees (including fringe benefits) has risen more than twice as fast as output per manhour. Although strong trade unions are an influence for inflation, their upward pressure as wages accelerates technological change. Furthermore, strong trade unions are an influence for social stability, since they assure that workers will share abundantly in the gains of technological progress.

(2) **The farmers.** The farmers are not a numerous group and they are diminishing in number, but they are widely scattered and hence they are a strong political influence in a large number of states. The farmers have succeeded in getting the country to accept uncritically the notion that they are entitled to have the government support the prices of the goods that they produce — pretty much regardless of whether or not consumers desire these goods. It would make as much sense for the government to buy millions of tickets to movie theatres to alleviate the effect of the shift in demand from movies to television as for the government to spend money to provide the farmers with markets. And yet in the present fiscal year the government will spend about $4.8 billion on supporting the prices of farm products and on financing withdrawal of land from production, and no politician in either party dares speak out boldly against this rifling of the pockets of city dwellers.

Not only is the farm price support program an important influence in creating a large Federal deficit, but it is a cause for wasteful use of resources. A properly planned farm program should take account of what consumers want. The great demand of American consumers is not for more wheat or cotton or peanuts. It is for steak. The United States is the richest country in the world, but it is still on a hamburger standard of living. In order to convert this country into a nation of steak eaters, the United States needs more than double its present cattle population. The worst feature of the present farm program is that it encourages farmers to produce cotton and wheat instead of beef. Increasing the cattle population would have to be mainly accomplished by an expansion of cattle raising in the southeast—since the cattle population of the plains is about as high as can be supported by the variable rainfall out there. If the farm support program were simply terminated, the growth of cattle raising in the

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The American Economy—Problems and Prospects

southeast, which is going on in spite of the farm program, would be accelerated, and the southeast would soon become a rich cattle raising section.

XII

Why Is Inflation So Gradual?

When so many and such powerful influences all make for inflation, why has the rise in prices been so gradual? In the last three and a half years the consumer price index has increased only a little more than 7%. Why is inflation creeping rather than galloping? There are four powerful checks on inflation. In the first place, government spending of all kinds is checked by the fact that people do not like to pay taxes. Though people do not associate government spending closely with any specific tax, they do know that in general more spending sooner or later means more taxes. This knowledge does not prevent their tolerating government deficits, but it does act as a restraint on the size of government deficits. In the second place, employers struggle hard to keep down labor costs because no employer can be sure of being able to pass on higher labor costs in the form of higher prices. Employers endeavor to hold down labor costs partly by resisting union demands and partly by improving technology. In the third place, inflation is retarded by the fact that it is risky to buy goods in anticipation of higher prices. One can never be sure that the particular commodities one buys will not go down in price or become obsolete. Finally, and most important of all, inflation is held down by the fact that most people have only limited amounts of accumulated liquid savings or limited amounts of credit. Hence, most people cannot spend in excess of their incomes in large amounts for very long.

XIII

What Is the Prospect of Halting Creeping Inflation?

The many powerful influences that combine to produce creeping inflation make it evident that the prospect of halting creeping inflation is remote. There are two approaches to the problem. The first one is to weaken the inflationary influences by deliberately creating unemployment. This method is wasteful and unjust and the public would not tolerate its use. The second approach is to make specific attacks upon the several inflationary influences. This second approach encounters two difficulties. One difficulty is that some of the influences making for inflation, such as strong trade unions or large-scale technological research, produce important social benefits. The trade unions could not be weakened and the scale of technological research could not be reduced without giving up some of the benefits produced by them. It is better to accept some mild inflation than to sacrifice the benefits of strong trade unions and of large scale technological research.

The other difficulty with attacks on specific causes of inflation is that these influences are so powerful that they can defy attack. What groups in the community are strong enough to put up an effective fight against the demand for more government spending by the farmers, the old folks, the veterans, the depressed areas, the defense industry, the construction industry, or by most of the politicians, or to insist that the Federal Reserve be given authority to control the terms of consumer credit? The anti-inflationists appear to realize their weakness because they shy away from proposing anything specific, such as reforming the farm program or cutting down the ridiculous payments being made to veterans.

Attempts to build up a strong public demand that inflation be halted suffer (1) from the fact that, while creeping inflation causes some injustice, it does not create widespread and acute suffering, and (2) from the fact that creeping inflation prevents injustice as well as causes injustice. The opponents of inflation have been unable to produce persons in large number who have suffered severely from inflation. And the opponents of inflation find their case weakened by important benefits conferred by creeping inflation. Creeping inflation prevents rising labor costs from producing unemployment and it limits frictional unemployment by facilitating adjustment to economic change. On balance, considerably less suffering and injustice follow from creeping inflation than would result from attempts to force a stable price level on a dynamic economy.

XIV

The Coming Boom in Durable Consumer Goods

A look at the way in which consumers are spending their money indicates that a substantial boom in the buying of durable consumer goods is ahead. Between the third quarter of 1957 and the third quarter of 1958 the annual rate of personal income after taxes increased by $5.3 billion. The annual rate of expenditure on consumer durable goods, however, dropped in the same period by $3.9 billion, or nearly 10%. Between 1954 and the third quarter of 1958, personal income after taxes increase by $76 billion a year, but outlays for durable consumer goods increased by only $4 billion a year. On the basis of past behavior of consumers, outlays for durable consumer goods in the third quarter of 1958 were around $5 billion below normal.

The conclusion follows that some time in the near future consumers will substantially increase the ratio of their expenditures on durable consumer goods to their incomes. They will do this in considerable measure by going more heavily into debt, thereby generally raising incomes in the economy.

The boom in durable consumer goods may begin in 1959, but it is likely to be considerably stronger in 1960. By 1960 many enterprises will have had time to introduce many improvements into their lines that will attract customers. In particular, 1960 will probably be a far better automobile year than the year 1959. By reason of the long time required to make model changes in the automobile industry, most of the companies in 1959 are offering cars with features that consumers showed signs of rejecting in 1958. By 1960 the principal American producers will be offering cars with little more than 100-inch wheel bases, markedly different in design from the clumsy behemoths the companies are trying to sell in 1959.

With Quail & Co.

(Special to The Financial Chronicle)

DAVENPORT, Iowa—Henry E. Reichert is with Quail & Co., Inc., Davenport Bank Building, members of the New York and Midwest Stock Exchanges. He was formerly with Negley, Jens & Rowe of Peoria.

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The Security I Like Best

far below current market values, including vacant land adjacent to present plants for future expansion.

Average age of top management is 42 years, according to Mr. Brooks, and none is past his forties. In addition, top management holds an important stake in the business, holding 15% to 20% of outstanding stock. If all employees and directors were included, this figure would be close to 30% to 35%.

With substantial sums being spent on research and new products development, sales should continue to expand at increasing rates.

Research and new product development expenses of all divisions are charged off to current operating expenses, in spite of fact that each division regularly obtains new patents and adds new proprietary items to their lines. The only patents given any book value, $505,357 as of June 30, 1958, are a few purchased in the acquisitions of three of the divisions, but which book values are being regularly amortized and charged against current operating expenses at the rate of about $160,000 annually.

Mr. Brooks stated that all divisions, except one minor division, now are operating at a profit; as against four divisions, all acquired in 1957, operating at a loss for fiscal year ended June 30, 1958. This exception is slated to be sold. Mr. Brooks has stated that he is especially concentrating on cutting costs and making operations more efficient and profitable throughout.

The first quarter of the current fiscal year (the summer vacation quarter), normally the lowest in sales and profits, showed a 14% increase in sales to $19 million and a 45% increase in profits to 35¢ per share. In addition, October sales and profits were the best on record with sales at approximately $10 million, as against $8.4 million in 1957; an increase of 19%.

Results for the first 4 months would therefore indicate a sales increase for the entire fiscal year of from 15% to 20%. This would bring sales to the $84 to $88 million level. Based on the above sales and a carry through to net, of less than 4%, which should be possible to achieve based on cost-cutting economies which have been instituted, earnings could reach the level of $2.00 to $2.25 for present fiscal year. Looking ahead to the 1960 fiscal year, based on present indications of military electronics orders and normal commercial growth, sales could readily reach $110 to $125 million, or even $200 million if production and operational bugs of Hallamore division's newly patented item are ironed out in time, with a commensurate increase in profits.

With most of the electronics stocks selling at 15 to 40 times earnings, a comparison of Siegler Corp. with Litton Industries reveals the great capital gains potential of Siegler Corp. at the recent price of $23 per share, as there are many similarities in the capital structures and projected sales and earnings of both corporations for their present fiscal years. The stock of Litton Industries rose from a price of 10 in 1955 to 80 in 1958.

	LITTON INDUSTRIES Est. F. Y. E. 7/31/59	SIEGLER CORP. Est. F. Y. E. 6/30/59
Sales	(1) $100 million or over	$84 to $88 million
Earnings per Share	(1) $2.75 to $3.00	$2.00 to $2.25
Book Value	(2) $14.67	(3) $11.45
Outstanding Shares	1,714,096	1,515,677
Current Market Prices	80	23

(1) From figures given on 11/12/58 to Dow Jones by Ray L. Ash, Executive Vice-President; (2) As of 7/31/58; (3) As of 6/30/58.

The comparison is made due to the many similarities, except for the wide disparity in market price. It would appear that Siegler's sales, earnings and book values were just one year behind Litton Industries, which had sales of $83 million and earnings per share of $2.13 in fiscal year ended 7/31/58.

I, therefore, believe that the stock of Siegler Corp. at the current price of 23 is an attractive opportunity to participate in the dynamic growth of the electronics industry, and that the inevitable public recognition of the excellent sales and profit potentials of the Siegler Corp. should bring substantial capital gains to the investor.

U. S. International Business Group Favors Steps to Strengthen GATT

U. S. Council of the International Chamber of Commerce calls for our firm adherence to GATT and finds such a step involves no material additional legal obligation. Offers other views on international economic policy.

The United States Council of the International Chamber of Commerce urged the Department of State to take steps to strengthen the General Agreement on Tariffs and Trade at the 13th session of the Contracting Parties which was held in Geneva last month.

Measures recommended by the Council include "definitive adherence" to the General Agreement by the United States, appointment of a permanent chairman of the United States delegation to meetings of the Contracting Parties and the vigorous defense of American interests covered by the provisions of the 37-nation trade treaty. The Council also restated its position that the United States Government should adhere to the Organization for Trade Cooperation, the proposed administrative body for the Agreement whose terms now govern the flow of more than 80% of free world trade.

The recommendations were contained in a letter to Secretary of State Dulles from the Council's Chairman, Philip Cortney, President of Coty, Inc. The Council represents American firms and business associations within the International Chamber of Commeree and issues reports and recommendations on United States foreign economic policy.

In calling for definitive adherence to the GATT, the Council stated, "As we understand it this would involve no additional legal obligations upon the United States other than the need to give six months' notice if we wished to withdraw rather than 60 days as at present." Such a step, according to the Council, would be "a formal indication of permanent United States interest."

The permanent chairman proposed by the Council would have the double assignment of leading the U. S. delegations to all GATT meetings and of fostering greater public understanding of the need for U. S. participation in the Agreement. The Council said its proposed "Mr. GATT" should be of high reputation and might well have ambassadorial rank and report to the Secretary of State.

European Economic Integration

The Council recommended that "The United States should continue to press with great vigor to make sure the European economic integration is fully consistent with the principles of the GATT." It warned of dangers in any other course. Specifically, it noted that some of the suggested proposals for a free trade area "appeared to the U. S. Council as creating permanent discriminations against outside countries of a sort which could not be sanctioned under Article XXIV of the GATT."

The Council added that "United States representatives should insist that the GATT consultations with EEC and other institutions which may be created should continue and should be both thorough and effective."

Continued Use of Quantitative Restrictions

Noting the International Monetary Fund had found that no balance-of-payments problem exists for Germany, the Council said that the U. S. delegation, "should make it clear that failure to abolish such onerous restrictions on trade as son as the balance-of-payments situation permits could have undesirable consequences for all nations including Germany."

Recent Changes in Antidumping Laws

Changes in the U. S. antidumping law were described as "undesirable" while those in the Canadian law were said to be "inconsistent with the GATT." The Council said any action pursuant to the Canadian law that actually violates the GATT should be "vigorously protested."

Marine Insurance

The Council recommended support of GATT efforts to end government restrictions on the freedom of traders to decide where to obtain transport insurance.

Futures Markets

The Council requested that the GATT be asked to study the problem of increasing the value of futures markets in helping to stabilize the prices of raw materials.

Charles Plohn Sells Bowling Corp. Stock

An offering of 450,000 shares of common stock of Bowling Corp. of America with 900,000 common stock purchase warrants and sold as units was oversubscribed today (Nov. 19), according to Charles Plohn & Co., the underwriter. Each unit consisted of one share of common stock and two common stock purchase warrants. The price per unit was $3.

One of the two warrants involved in the sale is exercisable for a period of 18 months at $3.25 per share. The other warrant, which expires in 30 months, is exercisable at $3.50 per share.

The company, incorporated in 1957 to own and operate ten-pin bowling centers, is not yet in business, but the proceeds of this financing will become working capital for the purpose of building and operating modern bowling centers or the leasing or purchasing of existing modern bowling centers.

The company has 500,000 shares of common stock of 10 cents par value outstanding.

Richard H. Monaghan

Richard H. Monaghan passed away Nov. 10 at the age of 67 following a long illness. He had been affiliated with A. M. Kidder & Co., Inc., in Newark.

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Current International Economic Events Reviewed by Bankers' Group

An up-to-date analysis of world economic events and our foreign economic policy are covered in a report by ABA to its members. Items covered include U.S.S.R trade offensive, plight of commodity producing countries, the gold price question, and European recovery and our balance of trade.

Most of the new proposals for United States foreign economic policy have meant bad news for United States taxpayers and consumers who will have to pay the costs involved, according to a report issued by the Advisory Committee on Special Activities of the American Bankers Association. "Yet," the report observes, "the alternatives are grim." The report, entitled "International Financial Developments," is being made available to ABA member banks on request. William A. Mitchell, President of the Central Trust Company, Cincinnati, Ohio, is Chairman of the Committee.

William A. Mitchell

The 44-page report prepared under direction of the Committee, which serves the ABA in a continuing capacity in consideration of international economic relations, is divided into seven sections reviewing: the state of world prosperity; economic developments in Western Europe; international financial liquidity; revival of the gold question; financial problems of commodity-producing countries; the Soviet economic offensive; and United States foreign policy.

European Economic Developments

Commenting on economic developments in Great Britain and Western Europe, the ABA Committee points out: "The overstrain of recent years is being left behind. With adverse speculation against the pound ended for the present, sterling is strong as British gold and dollar reserves have risen sharply. The holdings of the British Exchange Equalization Account climbed from $1,850 million at the end of September, 1957 to $3,084 million at the end of July, 1958, an increase of about $1 billion above the $250 million borrowed from the Export-Import Bank in October.

"Aided by favorable terms of trade (export prices have scarcely changed, but import prices have fallen by 10%), Britain may in 1958 have a balance-of-payments surplus exceeding the existing postwar record of £300 million achieved in 1950. After three years of inflationary pressure, the government appears to have succeeded in halting the wage-price spiral without reducing production appreciably, and now has shifted its emphasis towards measures to keep up production by offsetting a small decline in domestic spending.

"France's economic problems are more massive. At mid-1958, when the European Payments Union was extended for another year, its accounts showed a French deficit of $446 million as compared to a German surplus of $976 million. Economic problems are reputedly not of great interest to General DeGaulle, but they may yet decide his future. France is once again faced with an impending foreign exchange crisis and the prospect of new price increases. Prices are now 10% higher than a year ago. Devaluation, a ceiling on budgetary expenditures, and the imposition of stringent credit controls succeeded in reversing the drain on foreign exchange reserves only temporarily and briefly."

As a result of France's large debtor position and of Germany's extreme creditor position, the future of the European Payments Union appears "shaky."

"The uncertainties connected with the E. P. U., among other factors, have led the British to suggest that the world may have reached a major turning point in its postwar exchange arrangements, and that there is consequent need to be ready to amend and supplement the main instruments of international financial cooperation.

"The British position has been that if free world trade is to continue to expand, more adequate reserves to finance this trade must be forthcoming. At present, they say, sterling finances up to 50% of world trade, although backed by only about 5% of world reserves.

"To meet the situation, the British suggested three alternatives: (1) There should be some device for underwriting the sterling system; (2) There should be a considerable expansion of the resources of the International Monetary Fund, which could then share with sterling the burden of financing much of the world's trade at moments of strain; or (3) The dollar price of gold should be increased. Neither the first nor the third was acceptable to the United States, but it decided to back and urge the second.

Price of Gold

"Attention has been focused on the price of gold in recent months, not only because of British ideas about international liquidity, but also because of the large gold outflow from the United States. During the first half of the year, the United States lost about $1.2 billion of gold. Its gold stocks were thus reduced to the lowest level in some 11 years.

"There are strong reasons for not raising the price of gold. It would bring speculative gains to those abroad who are hoarding gold. The greatest beneficiary of an increase in the price of gold would be the U. S. S. R. with gold production estimated as high as $600 million annually and gold stocks at $8 billion.

"Perhaps the most telling of these arguments against raising the price of gold is potential inflationary impact."

Falling Commodity Prices

Turning to the underdeveloped commodity-producing areas of the globe, the report notes that falling commodity prices have made easier Soviet penetration of these areas. For example, "heavy reliance by many Latin American countries on food and raw material exports, whose prices have declined sharply, has been responsible during the past year for economic hardship.

"Falling commodity prices raised fears in Latin American producing countries that the United States will impose additional import restrictions on the commodities of which it is also a producer.

U.S.S.R. Economic Offensive

"The Soviets were quick to react to Latin America's economic difficulties." The U. S. S. R. appeared as a purchaser for coffee, wool, copper, meat, and hides, and to install industrial capacity such as a tin smelter for Bolivia.

"Soviet Bloc trade with Latin America has been growing at the rate of 40% per year since 1952. About 2% of Latin America's trade is now with the Bloc. Nearly all of it takes place with four countries — Argentina, Brazil, Cuba, and Uruguay. Except for Cuba, these are soft currency countries; and their balance of payments and exchange difficulties make them particularly susceptible to Soviet offers of bilateral trade agreements.

"Russia has also been developing a growing trade offensive in Western Europe, as well as the underdeveloped countries.

Our Foreign Economic Policy

"To meet this Soviet economic offensive, the United States has moved to improve its foreign economic policy. The need for so doing is emphasized by an analysis of the United States balance of payments, which shows a continuing export surplus largely maintained by U. S. Government operations.

"Exports of goods and services by the United States in 1957 exceeded imports of goods and services by almost $6 billion. Private United States investment abroad in 1957 ran to over $3 billion; but at the same time, foreigners invested some $700 million in the United States.

"The explanation of how foreign nations got the dollars to pay for the United States export surplus, therefore, lies in abnormal factors which scarcely appeared in the United States balance of payments prior to World War II. First, the United States paid some $3.1 billion in 1957 for the support of its troops and military installations overseas. Second, it granted some $2.6 billion of aid of various types, besides its direct grain shipments to its allies. Thus had it not been for United States military expenditures and all forms of aid, United States exports might have had to decline by some $5.7 billion in 1957 unless imports of goods and services were raised accordingly.

Recent Innovations

"The innovations in United States foreign economic policy are Administration support for an inter-American development institution to which the United States would contribute a substantial capital sum; a broad regional Middle East development organization to be run by the Arabs themselves with money and technical help coming from the governments of interested countries like the United States and from private capital; enlargement of the resources of the International Monetary Fund and the World Bank and the establishment of an International Development Association as a subsidiary of the World Bank; precedent-breaking United States participation in international studies seeking to formulate means of bringing more price stability to certain leading basic international commodities particularly coffee; relaxation of bars to trade with the Soviet Bloc in Europe, but no change in restrictions on trade with the Asian Communist Bloc; and a worldwide study of United States investments abroad looking toward policy recommendations for measures to stimulate a greater private flow of funds abroad.

"Too often in the past we have been pushed from crisis to crisis in international economy policy. Perhaps this is because there is no vocal constituency for foreign policy such as exists for many other aspects of national policy. One of the chief obstacles to an effective United States foreign economic policy is the lack of public awareness of our stake in world economic stability and progress. Certainly an economic order which functions so well at home can project its strength and vitality abroad as well."

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Treasury in its refunding operation decided to stay to the conventional, when they offered the holders of the December maturities a package deal. The short-term issue, the 3⅜% certificate, priced at 99.95, to yield 3.43%, was made to order for the Federal Reserve Banks, the largest owners of the maturing issues. The other obligations in the option, the 3⅝% note, due May 15, 1961, priced at 99⅞, to yield 3.68%, is expected to have appeal for those that are termed the non-Federal holders of the securities which were coming due. The fact that the Treasury did not attempt an extension of the public debt, but remained within limits which were more or less expected by money market specialists, was a constructive force in the market. Because of the uncertain position of the money market, also the capital market, the demand for short-term liquid obligations continues to be very sizable. This demand has been very helpful to the Treasury in financing the deficit.

Treasury Seen Regular Borrowing Customer

The Treasury sold $3,000,000,000 of 214-day tax anticipation bills at an average price of $98.218, or at an average cost of 2.997%. The cost of this new money raising venture, which was done on an auction basis, compares with the rate of 3¼% for the 219-day bills which were sold last month at a set price. The average interest rate for the 214-day bill was substantially below the cost for the set price bills, which justifies the Treasury's decision to use the auction method for its most recent new money raising operation.

It was again stated by Government officials that this recent offer of tax anticipation bills raised enough cash to last until sometime next year. It is evident, however, that the Treasury will be in the market again during the first three months of 1959 for between $2,000,000,000 and $2,500,000,000 of new funds in spite of the money which will be obtained from the sale of the new 26-week Treasury bills. In addition to the new money which the Treasury will have to raise in the first quarter of the coming year, there will also be a refunding operation of considerable size to be taken care of. It is evident that the Treasury is going to be a regular customer as far as the money market is concerned in the early part of the New Year.

Continued Lag in Corporate Financing Expected

Even though the Government is going to play an important part in the near future in the financial market through the raising of new money and the refunding of obligations that will come due, the amount of corporate securities which are likely to come into the new issue market is expected to decline. It is believed in most quarters that there will not be an appreciable pick-up in new corporate fund raising until at least the latter half of 1959, and it might even be later than that. On the other hand, the offering of tax-exempt issues is expected to be pretty steady which means there will be plenty of these obligations around to meet the demand of those that are interested in this kind of obligation.

In spite of the competition from the Government in the money market, it is not expected that this will have too much effect on the new offering of non-Federal obligations unless the Treasury goes in for long-term financing, since the yield on Government bonds is not competitive with the return available in corporate and tax-exempt bonds.

More Favorable Money Market in Prospect

Even though the action of the money market indicates that very little in the way of a sustained movement is looked for in either direction for the time being, there could be favorable developments as far as the short-term market and the capital market is concerned. And this could come when the inflation fear or psychology abates. It is evident that the fear of the future purchasing power of the monetary unit, along with the talk about devaluation of the dollar, is in no small way responsible for the sustained upward movement of common stock prices. A booming equity market, such as we have been having, is not conducive to large-scale investment in fixed income bearing obligations, be they Governments or others.

The fact that the Treasury has been able to finance the raising of its new money outside of the commercial banking system, even though these funds have been obtained by the sale of short-term securities, is a favorable development. The deposit banks purchases of new Government issues have been offset by subsequent sales of these obligations to corporations, in this case, the ultimate investor. The money supply has not been increased to any great extent by the Treasury financing, and this is most certainly an anti-inflationary measure.

Chicago Analysts to Hear

CHICAGO, Ill.—The Investment Analysts Society of Chicago will have G. O. Trenchard, economist of The Firestone Tire & Rubber Company, as guest speaker at their Nov. 20 luncheon to be held in the Adams Room of the Midland Hotel.

New Blair Branch

WASHINGTON, D. C.—Blair & Co., Incorporated has opened a branch office in the Barr Building, under the management of Robert E. Schenck.

J. L. Fanch Opens

GLOVERSVILLE, N. Y.—John L. Fanch has opened offices at 16 South Main Street to engage in a securities business.

Dempsey-Tegeler Branch

NORTH HOLLYWOOD, Calif. —Dempsey-Tegeler & Co. has opened a branch office at 12333 Ventura Boulevard under the management of Martin J. Haims.

New A. M. Kidder Office

INDIALANTIC, Fla. — A. M. Kidder & Co., Inc. has opened a branch office at 131 Fifth Avenue under the management of Walter F. Lewandowski.

Sade & Co. to Admit

WASHINGTON, D. C.—Sade & Co., Investment Building, members of the New York Stock Exchange, on Nov. 30 will admit Myron S. Heffter to partnership.

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American Business in an Expanding World Economy

for sound industrial development. Such associations are not inconsistent with the U. N. and, in fact, were contemplated in the charter of the U. N.

A second reason why we are just now beginning to move ahead in this constructive direction is that there has been a widespread feeling that each new world crisis is a special emergency, and has to be dealt with on a brush-fire basis. Once the fire has been put out, the hope is that we can go back to a "normal" existence. However, all of our experience points to the fact that such a view is not realistic. The forces we are dealing with in the world are not temporary or ephemeral. On the contrary, they are very real, and they could be with us for the rest of our lifetimes, if not longer.

Partly because we have thought of our problems as special and temporary, we have been too much on the defensive. As is the case in football, a good defense is important. But a winning combination requires a strong offense as well. We have fallen short on that score for lack of a coherent sense of national purpose with respect to foreign economic matters.

However, I believe that we can regain the initiative by developing a program which will bring our vast resources — public and private, material and intellectual —to bear on the problem. As I shall indicate later, I think our government has taken a series of steps in recent months which could turn out to be most constructive. And American business has a crucial role to play in helping to make these new programs effective, and in helping to bring about a conviction on the part of the American people that sustained and imaginative foreign economic policies are essential not only in our own interests, but also in the interest of the peace and well-being of the world.

Before turning to a consideration of the specific policies and actions that may be involved in erecting a new structure for the Free World, it may be helpful to review briefly the main features of the world economy as they now appear.

Reviews Main Features of World Economy

In 1956, the latest year for which estimates are available, world production of goods and services ran to the huge total of one trillion, one hundred fifty billion dollars. Free World nations accounted for three-fourths of this total as compared with one-fourth for the Communist empire. These astronomical figures may have more meaning if they are translated into annual production per person. On this basis, we find that:

(1) Almost one-fourth of the world's population lives in the industrialized nations of the Free World where production per person averages almost $1,200 per year. The U. S. figure is $2,500.

(2) 1.1 billion people (42% of world population) live in the less industrialized free nations where production per person averages $120 per year—only a tenth of the figure for industrialized areas.

(3) The Communist Bloc with 900 million people produced $300 per person in 1956.

The feature that stands out in these figures is the vast difference between the level of production in the industrialized as against the less developed nations. In economic terms, the immediate problem of the Free World is to start the 1.1 billion people now living in the Asian, Middle Eastern, Latin American and African countries down the road toward rising production while maintaining at the same time the growth of the industrial areas. The urgency of the problem is shown by the fact that in recent years production in the industrialized nations has been increasing about 4½% per year, as compared with only 2½% per year in the less developed areas. Thus, the gap between the two sectors of the Free World will widen if nothing is done to accelerate economic progress in the less developed areas.

It is deeply in the national interest of the United States that economic growth in the less developed areas should be speeded up, and that this should take place in a framework that embraces national independence and a maximum of freedom for individual development. Of course, it is equally important to the peoples living in the less developed areas that their growth should be rapid and include these two goals. Thus fortunately for us, there is a basic harmony of interests between the United States and these free nations, and this gives us a great hope for the future of the Free World.

We see here that mutual political and economic interests are reinforced by fundamental economic facts. Both the U. S. and Western Europe are becoming increasingly dependent on imports of industrial raw materials and fuels to support continued economic development. We already import one-tenth of the raw materials we use, and estimates are that in 1975 we will depend on imports for 25% of our needs. The degree of interdependence is even greater in the case of Western Europe and Japan.

The less developed areas have the resources to supply an important portion of the raw materials and the fuels needed by the industrialized nations. They turn, need to import machinery, equipment and materials to support their own economic growth. Thus, today's world economic situation favors the emergence of a pattern of trade that will support the development of the entire world economy (including that of the Communist world if they are willing to abandon their expansionist ambitions and ideological imperialism.)

But our current situation differs fundamentally from that in the past. In the pre-1914 period, the less developed areas exchanged raw materials manufactured for consumer goods like textiles from the industrial areas. With the world-wide drive toward rising living standards, today's typical trade pattern involves an exchange of industrial raw materials or fuels for the machinery and equipment needed by the less developed areas to bring about their own industrialization.

This shifting pattern of trade has an important bearing on U. S. business. About 10% of our total production of durable goods is sold abroad. These sales provide the margin between profit and loss for many American businesses. Exports make up from one-fifth to one-third of total American sales of civilian aircraft, textile and steel machinery and sewing machines; and more than a tenth of sales of trucks, diesel engines, farm machinery and machine tools. Business, therefore, has a vital interest in an expanding world economy in terms both of markets and raw materials supplies.

Growing Economic Interdependence

This growing economic interdependence of free nations poses great problems, but equally great opportunities, if the problems are dealt with successfully. In fact, with skillful handling, it could give us an edge over the Soviets, whose economy is far more self-contained. Middle East oil provides an excellent example of this —the Free World needs oil from that area and is willing to pay a fair price for it, whereas the Soviets are self-sufficient in oil, and could only justify the purchase of oil as an economic warfare measure. This fact, which is recognized by the Arab nations, could be decisive in preventing the Middle East from going much farther in aligning itself with the Communist bloc.

Trade is, of course, being used increasingly by the Communist bloc as a political weapon, and it has been an effective weapon in the case of a few individual countries and products. Yet it is still relatively far less important than Free World trade. For instance, well under 5% of the trade of the less developed nations is with the Soviet bloc.

However, we cannot stand idly by and count on the fact of growing economic interdependence to solve our international problems. We must seize the initiative by adopting a forward-looking program to strengthen and develop the Free World economy.

In recent months, the United States Government has announced a series of new policies that constitute a major change in direction in our foreign economic policy. These new policies have received little public attention since they have been announced piece by piece, and since little action has as yet resulted. When you look at the whole picture, however, it is clearly apparent that we have now embarked on a set of policies that could lead to our objective of a workable new structure for the Free World. If so, we may well be at one of the significant turning points of history.

Our Four New Policies

These new policies have four major objectives. We have announced that we will work cooperatively with other Free World nations:

(1) To broaden markets by supporting the development of regional economic arrangements wherever they can be set up on a workable basis.

(2) To lower barriers to world trade by negotiating reciprocal tariff reductions of up to 20% in Free World tariffs in the next four years. (This would achieve a freeing of trade among all nations on a basis that is generally in line with that proposed for Europe through the Common Market.) If successful it will mean a return to the freer trade we had years ago;

(3) To increase the flow of investment funds from the industrialized to the less developed areas, with particular emphasis on private investment, by setting up world-wide and regional development banks; and

(4) To promote greater economic stability by increasing the resources of the International Monetary Fund and supporting efforts to stabilize prices and make currencies convertible.

To achieve these objectives will require long, detailed and complicated efforts. At present, we are still at the stage of preparing working drawings for the necessary new structure of Free World economic affairs. Yet I believe it is most significant that we are embarking on an agressive and imaginative program to build the institutions that could contribute importantly to growth and prosperity throughout the Free World.

Incidentally, I might point out that this new approach to our nation's policies was foreshadowed by the Report on International Economic Policy issued last summer by the Special Studies Project of the Rockefeller Brothers Fund. This report was prepared by a panel of citizens of national stature who spent two years studying and discussing the issues that confront the nation. It has been gratifying to those who worked on the report that this effort appears to have played a part in providing a new sense of direction for national policy.

Admits This Will Require More Spending

Another report of the Special Studies Project considered the ability of our economy to measure up to the new commitments and obligations it confronts at home and abroad. While no precise cost estimates are available, it is clear that the new foreign economic policy we are embarked on will require some increase in government expenditures in the years ahead. In addition to these foreign requirements, we face increased demands to meet pressing needs in such fields as: defense, education, urban redevelopment and highways.

But can we afford to meet all these demands? No economic system has ever succeeded in satisfying all the demands placed upon it, which is another way of saying that every society faces a problem of choice among alternative uses of its production. However, our economy has the potential to meet an amazingly large share of the demands that confront it, if we can continue to achieve a high rate of economic growth.

We are fortunate in that our economy has always been a growth economy. For decades our production has followed an upward trend involving a long-term growth of 3%-4% per year. If our growth rate in the next decade should average 4%, we will have an average annual increment in production of $20 billion to apply against the new demands on our economy. This would make it possible to meet the most urgent demands that we face for increased expenditures for defense, foreign economic aid and domestic programs of high priority, and still maintain the increase in the living standard of our families.

Of course, there is nothing automatic about the process of economic growth. The report of the Special Studies Project that I mentioned sets forth a series of steps that need to be taken to reinforce the incentives that furnish the drive for economic advance by encouraging saving and investment, as well as initiative and enterprise.

Businessmen's Stake in Our Foreign Policies

Businessmen have a great part of the responsibility for maintaining the dynamism of our economy. Moreover, American business has a very large stake in the success of our foreign economic policies.

We tend to overlook, in this country, the importance of foreign trade to the vitality of our economy. Few realize that about 4½ million American workers are directly dependent on foreign trade for their livelihoods. We import half or more of a variety of metals and minerals essential to United States industry. Last year, the value of our exports of goods and services totaled $26 billion. In addition, the overseas sales of the 2,500 U. S. companies with branches and subsidiaries abroad were estimated at $32 billion.

Moreover, both our trade and our foreign investment have been increasing rapidly in recent years. In fact exports and imports have grown more rapidly than the total economy. Our private foreign investment doubled in 1956 and 1957, reaching an annual rate of almost $3 billion. Interestingly enough, that rate appears to have been maintained this year, despite a reduction by one-fifth of private investment at home.

How are these trends likely to be affected by developments throughout the world? Only time can provide the full answer. Yet it seems to me that several observations can be made at this juncture.

Notes Increasing International Competition

One is that world markets are becoming more competitive. For example, the development over the next 10 to 20 years of a unified market embracing the Western European nations is bound to have an impact on U. S. exports. The expansion of industry in the less developed nations will also intensify competition—particularly in textiles and other consumer goods.

The intensification of competition in world markets will pose problems to many U. S. businessmen. It may become increasingly difficult for us to compete in world markets in the sale of some products we are now exporting. In addition, more foreign products will become competive in the U. S. market. So, it is possible that many difficult adjustments may lie ahead in specific instances.

Nevertheless, I would argue that the United States should welcome and encourage greater competition throughout the world. One of our traditional strengths has been our ability to improve products and reduce costs at a pace that, thus far, has exceeded that in the rest of the world. The intense competition that characterizes American industry has provided much of the incentive required to produce this result.

Handling Our Inflation Problem

I know that fears have been expressed that the rapid rise in our labor costs may price many American goods out of world markets. And, indeed, if our nation succumbs to inflationary pressures, that will be the case, but it need not be so otherwise. To my mind, this is one of the basic reasons why we must continue to press for policies that will contain inflation. Just how this can be done is too complex a problem to go into fully here. The control of inflation involves appropriate monetary and fiscal policies, together with greater restraint in the wage bargaining process than has been displayed in recent years. I believe we must intensify our efforts to avoid inflation if our economy is to grow and prosper. To the extent that we fail to do so, we will have increased difficulty selling abroad. But, I believe, the remedy lies in domestic efforts to reduce costs and develop new products as well as to fight inflation. Our solution does **not** lie in measures to restrict competition through such devices as tariffs and quotas.

The broadening of regional markets that is now underway should lead to a greater expansion of the world economy and world trade than would take place otherwise. So long as the U. S. continues to emphasize basic research and the development of new and improved products, and so long as we manage to keep inflationary tendencies under control, we can hope to share in the general expansion of world trade.

Other Changing Trends

A second implication of recent trends in the world economy is that U. S. private investment is likely to need to continue its growth abroad. Many products, particularly in machinery lines, that we have been exporting may well have to be produced abroad in the future if we are to retain our foreign markets. Also our expanding need for imports of raw materials points to an increasing foreign investment to produce them. In addition, I would hope that business would make an ever-growing contribution to the economies of the less developed na-

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tions by making sound private investments in local enterprises.

Finally, I believe that American business must look increasingly outward at what our country is facing in the evolving and rapidly shifting international scene. We must take the steps necessary to remain competitive in world markets. We must be alert to opportunities to expand our trade and increase our investment. We must be willing to make individual adjustments, difficult though they may be in specific cases, wherever they are necessary to encourage trade and economic progress throughout the Free World. And we must be prepared to work more closely with our government in developing and putting into effective operation new approaches to the international problems we face.

Difficult as many of these problems appear, I am confident that American business and the American public possess the ability and the wisdom to meet the challenge. By doing so, we can move on into an era of world-wide growth and prosperity that would contribute to the fulfillment of the basic aspirations of mankind. But this will not happen if we shrink from active participation in this international scene both on the political and economic front. May we see the problem clearly, and may we act with determination.

Halsey, Stuart Group Sells Telephone Issue

Halsey, Stuart & Co. Inc. and a group of investment bankers yesterday (Nov. 19) offered an issue of $80,000,000 Pacific Telephone & Telegraph Co. 32-year 4⅝% debentures, due Nov. 1, 1990, at 102⅜% and accrued interest, to yield 4.47%. The underwriters won award of the debentures at competitive sale on Nov. 18 on a bid of 101.76%.

Net proceeds from the sale of the debentures, together with proceeds from the expected sale of 1,594,604 shares of common stock by subscription to stockholders, will be used to reimburse the company's treasury for expenditures made for extensions, additions and improvements to its telephone plant, and to repay advances made by the parent organization American Telephone & Telegraph Co.

The debentures are to be redeemable at optional redemption prices ranging from 107⅜% to par, plus accrued interest.

The Pacific Telephone & Telegraph Co., a subsidiary of American Telephone & Telegraph Co., is engaged in furnishing communication services, mainly local and toll telephone service, in California, Oregon, Washington and the northern portion of Idaho. Its subsidiary, Bell Telephone Co. of Nevada, furnishes such services in Nevada. On Aug. 31, 1958, the company had 6,785,599 telephones in service, of which about 34% were in Los Angeles and vicinity and about 23% were in San Francisco and vicinity, and its subsidiary had 47,246 telephones in service. Other communication services furnished by the company include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

For the eight months ended Aug. 31, 1958, the company and its subsidiary had consolidated operating revenues of $610,963,017 and net income of $71,724,030.

At Aug. 31, 1958, capital stock and surplus, funded debt and advances from A. T. & T., as shown on the consolidated balance sheets of the company and its subsidiary, amounted to $1,385,112,263, $750,000,000 and $182,000,000, respectively, as compared with capital stock and surplus, funded debt and notes payable to banks, of $728,894,723, $465,000,000 and $2,000,000 at Dec. 31, 1952.

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in the glass industry which cut output, production of durable goods in October held level with September. Nondurable goods output, however, continued upward in October to a record rate, the Board stated in its summary of business conditions. Minerals output fell slightly, reflecting curtailments in crude oil and coal production.

Personal incomes eased in October as a result of labor troubles in key durable goods manufacturing industries, after setting new highs for three successive months.

The seasonally adjusted annual rate of personal income in October was $357,500,000,000, down from the revised September total of $357,800,000,000, the United States Department of Commerce reported. The agency, however, regarded the decline as within the margin for error and thus termed it little changed from the previous month.

The October annual rate was still well above the $350,600,000,000 rate for the like month of last year.

Wage and salary disbursements, the largest segment of the personal income total, dropped nearly $800,000,000 in October to an adjusted rate of $238,600,000,000—even with the like month of last year—from $239,400,000,000 in September.

Strikes cropped up again last week to set United States automotive output back a peg, "Ward's Automotive Reports" observed on Friday last.

After soaring to a 1958 high of 125,279 car completions the week before, production dipped 3.5% to an estimated 120,920 units the past week.

This trade authority attributed the setback to a walkout of white collar workers at Chrylser Corp., which began Tuesday morning of last week and led to an assembly halt by Wednesday noon. The result was a 63% slash in Chrysler Corp. car output to 6,900 units from 18,500 two weeks ago.

Further aggravating the car-making scene was a strike at The Budd Co. plant at Gary, Ind., supplier of underbody components for Rambler. American Motor's assembly line at Kenosha, Wis. was limited to five-day operations contrasted to six-days work during recent weeks. Rambler production last week was programmed for a 16% decline as a consequence of the supplier strike, which could continue to hamper activity this week.

Elsewhere on the car-making front, a generally strong production pace held forth. General Motors planned an 11% jump in programming and Ford Motor Co. looked for a 6% rise over the prior week. Both companies had the majority of their plants on Monday through Saturday programs.

Studebaker-Packard's manufacturing site at South Bend, Ind. followed five-day scheduling the past week contrasted to six days the week before. However, volume remained virtually the same, at the highest S-P rate in two years.

Truck-making was slated for a fall-off last week to an estimated 23,250 units from the prior week's 24,838 total for two reasons as consequence of the Chrysler strike, which snapped off Dodge truck activity last Wednesday and a strike of International Harvester workers that halted work Thursday morning at all IH factories.

Steel Output Scheduled This Week to Drop to 74.3% of Ingot Capacity

The industrial production trend line compiled by "Steel" magazine crossed the year-ago line last week for the first time in over a year. The trend line is based on the nation's steel output, electric power output, freight carloadings and auto assemblies.

The key automotive industry is responsible for the gain in production, "Steel" noted on Monday of this week. With peak operations in motordom scheduled, the gap between 1958 and 1957 will continue to widen.

Automotive production last week exceeded that of the comparable week in 1957 for the first time this year. This trade weekly estimated 145,000 auto assemblies in the week ended Nov. 15, as against 141,902 in the comparable week in 1957.

New cars are selling so well that automakers are scheduling maximum output for the rest of the year. Detroit boosted its November production goal from 531,000 to 590,000. Next month, the industry hopes to turn out 600,000 cars, 90,000 more than it planned originally. If the revised quotas are met, fourth quarter production will be about 1,450,000 cars, the total scheduled before strikes cut October's output.

Although those plans may sound ambitious, the automakers will not be strained, unless the white collar strike which began at Chrysler Corp. last week is prolonged.

They assembled 567,000 cars in December, 1957 and 682,000 cars in December, 1955.

The farm machine industry is leading the recovery among all mass production industries, this trade magazine added. Tool and die manufacturing shows "positive" signs of climbing out of the slump. "Average" activity is reported in appliances, automotive accessories, electronics, aircraft, missile development and business machines.

By the end of this year, one authority believes the nation's industrial machine will have recovered all that it lost during the recession.

The upward trend reflects improved business outlooks in Cincinnati, Cleveland, southern Connecticut, Indianapolis, Los Angeles, Milwaukee, Nashville, Tenn., the New York City area, Providence, R. I. and New Jersey. Reporting less improvement were Chicago, Detroit and Ft. Wayne, Ind., although an upward trend is noted.

Steel production was at its highest point of the year last week. Steelmakers boosted their operations 1 point to 75.5% of capacity. Production was about 2,039,000 net tons of steel for ingots and castings, the largest of any week since Nov. 3, 1957. District rates were as follows: St. Louis at 99% of capacity, up 3 points; Detroit at 96, up 10.5 points; Chicago at 88, up 5 points; Cincinnati at 86, down 0.5 point; Wheeling at 84.5, no change; Buffalo at 78, up 2.5 points; Western district at 78, no change; Eastern district at 72, no change; Pittsburgh at 69.5, no change; Cleveland at 69, down 10 points; Youngstown at 62, down 2 points and Birmingham at 56.5, down 3.5 points.

"Steel's" scrap price composite held unchanged last week at $42.33 a gross ton and mill buying of dealer scrap was restricted.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *124.8% of steel capacity for the week beginning Nov. 17, 1958, equivalent to 2,005,000 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. 17, 1958 is equal to about 74.3% 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 *126.1% and production 2,026,000 tons. A year ago, the actual weekly production was placed at 1,945,000 tons or 121.1%.

*Index of production is based on average weekly production for 1947-1949.

Electric Output Turned Upward in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 15, 1958 was estimated at 12,378,000,000 kwh., according to the Edison Electric Institute. Output showed improvement the past week.

For the week ended Nov. 15, 1958 output increased by 67,000,000 kwh. above that of the previous week and 425,000,000 kwh. above that of the comparable 1957 week and 789,000,000 kwh. above that of the week ended Nov. 17, 1956.

Car Loadings Declined 2.4% in the Week Ended Nov. 8

Loadings of revenue freight in the week ended Nov. 8, 1958 were 16,391 cars or 2.4% below the preceding week.

Loadings for the week ended Nov. 8, 1958 totaled 658,086 cars, a decrease of 17,493 cars, or 2.6% below the corresponding 1957 week, and a decrease of 114,764 cars, or 14.8% below the corresponding week in 1956.

Car Output Declined 3.5% Last Week Due to a Strike at Chrysler and Budd Company Plant

Passenger car production for the week ended Nov. 14, 1958, according to "Ward's Automotive Reports," suffered a decline of 3.5% as a result of a walkout of white collar workers at Chrysler Corp. and The Budd Co. plant at Gary, Ind., supplier of underbody components for Rambler.

Last week's car output totaled 120,920 units and compared with 125,279 (revised) in the previous week. The past week's production total of cars and trucks amounted to 144,170 units, or a decrease of 5,947 units below that of the previous week's output, states "Ward's."

Last week's car output dropped below that of the previous week by 4,359 units, while truck output decreased by 1,588 vehicles during the week. In the corresponding week last year 141,904 cars and 22,666 trucks were assembled.

Last week the agency reported there were 23,250 trucks made in the United States. This compared with 24,838 in the previous week and 22,666 a year ago.

Lumber Shipments Dropped 5.6% Below Output in the Week Ended Nov. 8, 1958

Lumber shipments of 459 reporting mills in the week ended Nov. 8, 1958 were 5.6% below production, according to the "National Lumber Trade Barometer." In the same period new orders were 15.9% below production. Unfilled orders amounted to 33% of stocks. Production was 0.9% above; shipments 8.9% below and new orders were 8.4% below the previous week and 2.1% above the like week in 1957.

Business Failures Declined in Holiday Week

Commercial and industrial failures declined to 274 in the holiday week ended Nov. 13 from 331 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties were moderately below the 306 in the comparable week of last year, but held above the 240 in 1956. Fewer businesses failed than in prewar 1939 when 308 occurred.

Liabilities of $5,000 or more were involved in 223 of the week's casualties as against 278 in the previous week and 269 a year ago. Small failures under $5,000, dipped to 51 from 53, last week, but exceeded the 37 of this size reported in 1957. Concerns failing with liabilities in excess of $100,000 numbered 29, declining from 46 in the preceding week.

All industry and trade groups had lower tolls except wholesale trade where casualties rose to 31 from 21. Retail casualties dropped to 136 from 173, manufacturing to 41 from 52, construction to 41 from 55 and commercial service to 25 from 30. Fewer concerns succumbed than last year in all lines save wholesaling. The increase from 1957 among wholesalers was relatively moderate in contrast to noticeable declines among manufacturers and contractors.

Geographically, the week's downturn was concentrated in five regions. Tolls fell sharply in the East North Central States to 35 from 60, in the West North Central, down to 12 from 22 and in New England to 11 from 26. A milder decrease prevailed in the Middle Atlantic States which had 85 as against 106 in the previous week. Meanwhile, mortality edged up during the week in the South Atlantic, East and West South Central and Pacific States. Most regions suffered fewer failures than a year ago. Only two, the South and East South Central States, had tolls exceeding their 1957 levels.

Failures Turned Upward in October but Liabilities Declined

Rising casualties among small trade concerns boosted business failures to 1,271 in October, 22% above the previous month and 13% above a year ago. This increase, which marked the end of a decline in effect since April, occurred in nearly all lines of retail and wholesale trade and in all save two of the major geographic regions. However, the failure rate in relation to the operating

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business population remained relatively moderate—57 per 10,000 listed enterprises as against 73 in prewar 1939 and 145 in 1932.

Contrary to the upturn in number of failures, their dollar liabilities continued down to $47,000,000, the lowest volume this year. While businesses succumbing with liabilities under $5,000 climbed to a postwar high, casualties above $100,000 dropped to the lowest level so far in 1958.

Increases from September prevailed in all functions but were accentuated in wholesaling and retailing by a marked upsurge of 21 to 25% from October last year. Most of the wholesale rise centered in building materials, while retail failures, higher than 1957 in all lines except drugs, increased most severely in general merchandise stores and eating and drinking places. Manufacturing and construction mortality remained about even with a year ago, with the only noticeable upturns in the machinery industry and general building.

In all regions except the Mountain States, a September-to-October rise was reported.

Wholesale Food Price Index Scored Gains for Fourth Consecutive Week

For the fourth week in a row, the wholesale food price index, compiled by Dun & Bradstreet, Inc., rose from the prior week. On Nov. 11 it rose to $6.38 from $6.33 a week earlier for a gain of 0.8%. It was 1.4% above the $6.29 of the comparable date last year.

Higher in wholesale cost were wheat, corn, oats, barley, hams, bellies, cottonseed oil, cocoa, eggs, potatoes, steers and hogs. Lower were rye, lard, sugar and lambs.

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 Rose Fractionally In Latest Week

Boosted by slight gains in prices on grains, flour, livestock and sugar, the general commodity price level moved up fractionally last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 276.66 on Nov. 10 from 276.22 a week earlier and was moderately higher than the 275.69 of the comparable date last year.

Most grain prices climbed steadily upward during the week. Wheat prices rose appreciably, reflecting light offerings and an increase in both domestic and export buying. Although corn receipts rose again, trading was sustained at a high level and prices increased somewhat.

There was a moderate expansion in purchases of rye boosting prices slightly over those of the prior week. Oats supplies were steady in most markets and buying was unchanged; oats prices were close to a week earlier. Increased purchases in meat and oil markets again helped boost soybean prices during the week. Soybean offerings registered some declines during the week.

Although trading remained close to the prior week, flour prices rose noticeably the past week, reflecting a decline in offerings. Export buying of rice climbed and domestic purchases were sustained at a high level, but prices were unchanged. The call for coffee moved up slightly resulting in a moderate rise in prices.

There was a marked rise in cocoa prices at the beginning of the period, but they slipped somewhat at the end of the period. The rise was due to substantial gains in trading. Warehouse stocks of cocoa in New York fell slightly during the week. Arrivals for the year to date amounted to 2,238,708 bags compared with 2,808,720 bags in the similar period a year ago.

Although cattle receipts advanced somewhat in Chicago, increased trading boosted steer prices during the week. Hog receipts were up slightly and prices were close to a week earlier. There was a substantial gain in the buying of lambs and prices moved up slightly from the prior week.

Cotton prices on the New York Cotton Exchange moved within a narrow range and finished the week slightly lower than in the prior period. Cotton buying was close to a week earlier. United States exports of cotton in the week ended last Tuesday were estimated at 54,000 bales. This compared with 44,000 in the prior week and 76,000 a year ago. For the season through Nov. 4 exports totaled 791,000 bales as against 1,235,000 in the corresponding period last year.

Trade Volume Registered Little Change Both for the Week and Like Period a Year Ago

Despite numerous Veterans' Day sales promotions, consumer buying last week remained close to that of both a week earlier and the similar period last year. Year-to-year declines in men's apparel, linens and major appliances offset slight increases in women's merchandise and furniture. Automobile dealers reported continued gains in sales of new passenger cars, but limited stocks held volume noticeably below a year ago, scattered reports show.

The total dollar volume of retail trade in the period ended on Wednesday of the past week was from 1% below to 3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1957 levels by the following percentages: South Atlantic and West South Central States +1 to +5%; East North Central, West North Central and East South Central 0 to +4; Middle Atlantic and Mountain —1 to +3; New England —2 to +2 and Pacific Coast States —5 to —1%.

Increased purchases of dresses and sportswear helped over-all sales of women's apparel edge up slightly over a year ago, offsetting declines in coats and suits. There was a moderate rise during the week in women's handbags, jewelry and millinery. Interest in men's winter suits and topcoats slackened, holding total men's apparel volume somewhat below the similar week last year. The call for furnishings and sportswear was close to a year ago. Volume in children's merchandise matched that of a year earlier.

Furniture stores reported a moderate pick up in purchases of upholstered chairs, occasional merchandise and bedding. Volume slightly exceeded that of the comparable week last year. Although interest in floor coverings was up substantially from a year ago, sales of linens and draperies were down somewhat. There were moderate year-to-year dips in television sets, radios and major appliances.

Housewives stepped up their buying of dairy products, frozen foods and fresh produce the past week, while interest in canned goods was unchanged from the prior week. Fractional increases occurred in fresh meat and poultry.

Attracted by openings in many markets, buyers stepped up their orders for women's spring coats, suits and dresses. Volume in fashion accessories matched that of a week earlier and sales slightly exceeded those of a year ago. Retailers sought winter dresses, lingerie and sweaters to replenish depleted stocks and prepare for the Christmas selling season. While the call for boys' clothing noticeably exceeded that of last year, interest in men's apparel showed no year-to-year change. There was a slight rise from the prior week in bookings in men's and women's shoes.

Over-all textile trading and output expanded somewhat during the week. Boston and Philadelphia mills reported moderate gains in transactions in woolens and worsteds and volume in carpet wool remained at the level of a week earlier. There were substantial gains in the buying of wide industrial fabrics and man-made fibers. Volume moderately exceeded that of a year ago. While interest in print cloths climbed appreciably, sales of broadcloths and sheetings were sluggish again. Incoming orders at dying and finishing plants rose somewhat.

There was a noticeable rise during the week in wholesale purchases of gifts, china, silverware, glassware and kitchen utensils with volume up slightly from last year. Interest in furniture moved up somewhat with principal gains in occasional tables and chairs, case goods and bedroom sets. The call for television sets and lighting equipment climbed again, while volume in refrigerators, dishwashers and automatic laundry equipment was unchanged from a week earlier. A slight week-to-week increase occurred in sales of linens and draperies, but trading in floor coverings slipped fractionally.

Food wholesalers reported a moderate decline in orders for canned fish, fruit and vegetables last week, buyers being more interested in fresh produce and frozen foods. There was an appreciable rise in the call for butter, cheese and eggs. Purchases of fresh meat and poultry were sustained at a high level.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 8, 1958 advanced 2% above the like period last year. In the preceding week, Nov. 1, 1958 an increase of 5% was reported. For the four weeks ended Nov. 8, 1958, a gain of 4% was registered. For the period Jan. 1, 1958 to Nov. 8, 1958 no change was recorded from that of the 1957 period.

Retail trade sales volume in New York City the past week advanced from 1 to 4% above the comparable period a year ago, trade observers report.

Armistice Day sales showed gains of about 10% above those of the 1957 holiday and played an important part in the week's over-all showing.

According to the Federal Reserve Board's index, department store sales in New York City for the week ended Nov. 8, 1958 showed an increase of 2% from that of the like period last year. In the preceding week, Nov. 1, 1958 an increase of 4% was reported. For the four weeks ended Nov. 8, 1958, an increase of 5% was noted. For the period Jan. 1, 1958 to Nov. 8, 1958 an increase of 2% was registered above that of the corresponding period in 1957.

Private Enterprise Is The Salvation!

"The committee noted that member countries in the area have increasingly recognized the importance of private investment and have encouraged the growth of the private sector.

"Important also in this growth is the role of foreign private investment which can provide capital together with the technical and managerial skills so needed by the countries of the region. There is an increasing awareness of the need to attract foreign investment.

"The committee noted that by far the greater part of the economic resources devoted to the development of South and Southeast Asia has come from the countries of the area and would continue to do so."—Consultative Committee of the Columbo Plan for cooperative development in South and Southeast Asia.

We hope that the optimism of the committee is well warranted by the facts. We may also express the hope that there is a better understanding than sometimes exists of what it is that attracts private capital.

Continued from page 16

Food and Agricultural Outlook

milk production or income of dairy farmers. Poultry and egg producers are sending increased supplies to market and the outlook is for a slight reduction in income from these sources. Larger supplies and lower prices are also in prospect for cotton, cottonseed, soybeans, corn, wheat and potatoes. Thus, in nearly all the major food groups the trends will be toward somewhat lower prices in 1959. There is no need here for stand-by price controls. They would collide with the floors!

Effect on C. P. I.

It would be hazardous to predict how much these lower farm prices will affect the Consumer Price Index. I suspect it will be quite moderate in view of the rising cost of food processing and distribution.

Looking ahead to 1959 crops, the Agricultural Act of 1958 must be taken into account. This law provides for a downward adjustment of the minimum support level for cotton over the next few years and permits individual cotton growers to increase their acreage in exchange for lower support prices. In the case of corn, farmers are given an option to retain the present support system with production control or to have no production control with support prices set at 90% of the average market price of the previous three years. Corn farmers are expected to favor the latter when they vote Nov. 25. Other feed gains are to be supported at fair and reasonable levels in relation to corn. The 1958 legislation makes no change in supports for wheat, tobacco, peanuts or dairy products. While the new provisions are a step toward eventual free markets for agriculture, the immediate effect on the Federal Treasury is uncertain. It could cost more to support larger crops at lower prices.

General Economic Outlook

On the general economic outlook, I expect a moderate advance on a wide front. State and local expenditures should continue to increase. While the Federal deficit as officially estimated in September now looks too high, it will still be substantial and part of it will probably be financed directly or indirectly by the commercial banks. For the longter-term, government spending will stay at a high level since the familiar groups who have advocated more spending of their own and/or other people's money can now turn for support to some academic economists of wide renown.

I expect to see inventory liquidation come to an end in the next few months. Inventory-sales ratios have been improving very rapidly. It is difficult to know what the long-run trend is in inventory levels. On the one hand, we have better inventory control through improved accounting and operations research. We have eliminated some in-process inventories through automation, and higher money cost discourages inventories. On the other hand, we are getting farther and farther away from the simple days of black Fords and white bathrooms. Now we have many color combinations in cars and colored bathroom fixtures, towels, paper, soap, and even striped toothpaste. Coke comes in three sizes instead of one. Increased variety necessitates higher inventories.

I would guess that Gross National Product in 1959 would average about $465 billion.

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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. 23	§74.3	*74.5	75.1	76.0
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 23	§2,005,000	*2,011,000	2,026,000	1,945,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 7	7,003,385	6,911,385	6,873,785	6,796,285
Crude runs to stills—daily average (bbls.)	Nov. 7	¶7,686,000	7,752,000	7,723,000	7,540,000
Gasoline output (bbls.)	Nov. 7	27,654,000	27,400,000	27,636,000	26,224,000
Kerosene output (bbls.)	Nov. 7	2,286,000	2,144,000	2,262,000	1,934,000
Distillate fuel oil output (bbls.)	Nov. 7	12,352,000	13,039,000	12,292,000	11,870,000
Residual fuel oil output (bbls.)	Nov. 7	6,849,000	7,123,000	6,613,000	7,151,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 7	169,210,000	168,476,000	172,914,000	180,805,000
Kerosene (bbls.) at	Nov. 7	32,369,000	32,374,000	31,364,000	34,177,000
Distillate fuel oil (bbls.) at	Nov. 7	165,354,000	166,414,000	158,742,000	173,963,000
Residual fuel oil (bbls.) at	Nov. 7	68,095,000	*68,198,000	68,996,000	59,338,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 8	658,086	674,477	686,138	675,579
Revenue freight received from connections (no. of cars)	Nov. 8	571,850	556,584	569,817	586,364
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 13	$374,316,000	$221,470,000	$248,110,000	$372,988,000
Private construction	Nov. 13	123,630,000	73,961,000	112,155,000	152,699,000
Public construction	Nov. 13	250,686,000	147,509,000	135,955,000	220,289,000
State and municipal	Nov. 13	197,415,000	125,419,000	119,197,000	166,675,000
Federal	Nov. 13	53,271,000	22,090,000	16,758,000	53,614,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 8	8,530,000	*8,540,000	8,715,000	9,519,000
Pennsylvania anthracite (tons)	Nov. 8	419,000	386,000	457,000	509,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 8	148	*136	147	145
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 15	12,378,000	12,311,000	12,048,000	11,953,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 13	274	331	288	306
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 11	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Nov. 11	$66.41	$66.41	$66.41	$66.42
Scrap steel (per gross ton)	Nov. 11	$42.33	$42.83	$42.50	$33.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 12	28.625c	28.625c	26.150c	26.475c
Export refinery at	Nov. 12	30.550c	30.975c	28.175c	23.700c
Lead (New York) at	Nov. 12	13.000c	13.000c	12.500c	13.500c
Lead (St. Louis) at	Nov. 12	12.800c	12.800c	12.300c	13.300c
‡Zinc (delivered) at	Nov. 12	12.000c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	Nov. 12	11.500c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99%) at	Nov. 12	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Nov. 12	99.250c	97.875c	95.875c	89.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 18	88.57	87.90	86.35	89.36
Average corporate	Nov. 18	90.20	90.06	89.92	88.95
Aaa	Nov. 18	94.71	94.56	94.86	94.71
Aa	Nov. 18	92.93	92.93	93.08	91.62
A	Nov. 18	89.92	89.37	89.37	88.81
Baa	Nov. 18	84.04	83.79	83.15	81.29
Railroad Group	Nov. 18	87.86	87.99	87.59	86.65
Public Utilities Group	Nov. 18	90.34	89.78	89.51	88.95
Industrials Group	Nov. 18	92.64	92.35	92.79	91.19
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 18	3.56	3.62	3.57	3.42
Average corporate	Nov. 18	4.40	4.41	4.42	4.49
Aaa	Nov. 18	4.09	4.10	4.08	4.09
Aa	Nov. 18	4.21	4.21	4.20	4.30
A	Nov. 18	4.42	4.46	4.46	4.50
Baa	Nov. 18	4.86	4.88	4.93	5.08
Railroad Group	Nov. 18	4.57	4.56	4.59	4.66
Public Utilities Group	Nov. 18	4.39	4.43	4.45	4.49
Industrials Group	Nov. 18	4.23	4.25	4.22	4.33
MOODY'S COMMODITY INDEX	Nov. 18	395.3	396.4	390.8	387.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 8	345.836	324.112	296.458	281.322
Production (tons)	Nov. 8	311.196	317.807	308.795	287.763
Percentage of activity	Nov. 8	93	95	95	94
Unfilled orders (tons) at end of period	Nov. 8	460,078	427,573	466,878	485,369
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Nov. 14	109.48	109.27	108.69	109.60
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 25	2,684,510	3,633,670	2,469,550	2,821,550
Short sales	Oct. 25	561,150	782,800	493,150	739,680
Other sales	Oct. 25	2,194,000	2,798,190	1,913,470	2,410,820
Total sales	Oct. 25	2,755,150	3,580,990	2,406,620	3,150,500
Other transactions initiated on the floor—					
Total purchases	Oct. 25	770,620	1,034,720	675,880	517,580
Short sales	Oct. 25	104,700	96,200	64,000	125,100
Other sales	Oct. 25	756,320	1,030,670	622,190	477,350
Total sales	Oct. 25	861,020	1,126,870	686,190	602,450
Other transactions initiated off the floor—					
Total purchases	Oct. 25	987,739	1,306,790	786,759	904,030
Short sales	Oct. 25	181,680	196,330	129,770	165,630
Other sales	Oct. 25	869,100	1,407,890	875,004	744,345
Total sales	Oct. 25	1,050,780	1,604,220	1,004,774	909,975
Total round-lot transactions for account of members—					
Total purchases	Oct. 25	4,442,869	5,975,180	3,932,189	4,243,160
Short sales	Oct. 25	847,530	1,075,330	686,920	1,030,410
Other sales	Oct. 25	3,819,420	5,236,350	3,410,664	3,632,515
Total sales	Oct. 25	4,666,950	6,312,080	4,097,584	4,662,925
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. 25	1,553,096	1,579,985	1,530,617	2,657,011
Dollar value	Oct. 25	$70,838,537	$73,873,406	$72,642,126	$110,734,130
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 25	1,672,709	1,649,516	1,624,854	1,645,299
Customers' short sales	Oct. 25	10,122	10,673	6,252	46,347
Customers' other sales	Oct. 25	1,662,587	1,638,843	1,618,602	1,602,952
Dollar value	Oct. 25	$76,078,809	$78,194,301	$75,586,968	$71,874,869
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 25	567,270	576,230	543,880	298,590
Short sales	Oct. 25	------	------	------	------
Other sales	Oct. 25	567,270	576,230	543,880	298,590
Round-lot purchases by dealers—					
Number of shares	Oct. 25	455,820	512,170	445,170	1,298,350
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. 25	1,102,400	1,354,310	858,740	1,566,810
Other sales	Oct. 25	19,953,420	24,810,340	18,799,540	29,634,830
Total sales	Oct. 25	21,055,820	26,164,650	19,658,280	22,201,640
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 11	118.8	118.7	118.8	117.8
Farm products	Nov. 11	91.9	91.4	92.1	91.8
Processed foods	Nov. 11	109.9	109.8	110.1	106.3
Meats	Nov. 11	104.8	104.2	104.9	93.2
All commodities other than farm and foods	Nov. 11	126.3	126.2	126.1	125.6

*Revised figure. ¶Includes 1,038,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of May	126,327	124,999	145,174
Stocks of aluminum (short tons) end of May	183,557	*187,390	195,126
AMERICAN GAS ASSOCIATION—For month of September:			
Total gas sales (M therms)	5,050,200	4,993,900	4,925,100
Natural gas sales (M therms)	4,952,800	4,898,400	4,821,800
Manufactured gas sales (M therms)	7,800	9,100	11,800
Mixed gas sales (M therms)	89,600	86,400	91,500
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of September:			
Total home laundry appliance factory unit sales (domestic)	601,612	450,277	579,364
Combination washer-dryers	19,806	13,659	20,158
Washers	423,073	326,785	392,733
Dryers	158,733	109,833	166,473
AMERICAN RAILWAY CAR INSTITUTE—Month of September:			
Orders for new freight cars	1,582	1,773	3,162
New freight cars delivered	2,131	2,151	8,450
Backlog of cars on order and undelivered (end of month)	24,982	25,611	71,981
COAL OUTPUT (BUREAU OF MINES)—Month of October:			
Bituminous coal and lignite (net tons)	39,100,000	35,990,000	45,729,000
Pennsylvania anthracite (net tons)	1,979,000	*2,084,000	2,262,000
COKE (BUREAU OF MINES)—Month of Sept.:			
Production (net tons)	4,504,381	*4,314,648	6,310,300
Oven coke (net tons)	4,450,171	*4,275,708	6,167,600
Beehive coke (net tons)	54,210	*38,940	142,700
Oven coke stock at end of month (net tons)	3,993,444	*4,007,178	2,598,685
COTTON GINNING (DEPT. OF COMMERCE):			
To Oct. 18 (running bales)	5,208,359	------	4,162,376
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—Crop as of Oct. 1 (in thousands):			
Corn, all (bushels)	3,686,218	3,588,766	3,402,832
Wheat, all (bushels)	1,449,498	1,446,464	947,102
Winter (bushels)	1,170,768	1,170,768	707,201
All spring (bushels)	278,730	275,696	239,901
Durum (bushels)	22,053	21,224	39,680
Other spring (bushels)	256,677	254,472	200,221
Oats (bushels)	1,419,351	1,419,351	1,308,360
Barley (bushels)	466,301	466,301	435,695
Rye (bushels)	34,093	34,093	26,528
Flaxseed (bushels)	39,969	37,469	25,754
Rice (100-lb. bags)	47,637	47,747	43,130
Sorghum grain (bushels)	607,118	579,132	561,977
Cotton (bales)	11,675	12,105	10,964
Hay, all (tons)	120,374	118,471	121,402
Hay, wild (tons)	10,641	10,641	11,313
Hay, alfalfa (tons)	66,400	64,870	69,092
Hay, clover and timothy (tons)	23,849	23,849	22,087
Hay, lespedeza (tons)	5,434	5,303	4,852
Beans, dry edible (cleaned) (100-lb. bags)	18,695	18,806	15,771
Peas, dry field (cleaned) (100-lb. bags)	2,353	2,353	3,270
Soybeans for beans (bushels)	572,586	560,776	479,841
Peanuts (pounds)	1,849,385	1,796,785	1,445,110
Potatoes (hundredweight)—			
Winter	4,780	4,780	6,790
Early spring	3,904	3,904	4,408
Late spring	26,901	26,901	30,104
Early summer	11,006	11,006	9,047
Late summer	34,940	35,880	32,209
Fall	176,345	176,575	156,981
Total	257,876	259,046	239,539
Sweetpotatoes (hundredweight)	18,268	18,315	18,053
Tobacco (pounds)	1,771,679	1,750,698	1,660,553
Sugarcane for sugar and seed (tons)	7,332	7,332	6,750
Sugar beets (tons)	15,015	14,793	15,497
Broomcorn (tons)	33	33	43
Hops (pounds)	47,611	50,845	40,135
Apples, commercial crop (bushels)	125,338	126,813	118,548
Peaches (bushels)	71,618	72,089	62,335
Pears (bushels)	29,064	29,564	31,676
Grapes (tons)	2,903	2,809	2,599
Cherries (12 States) (tons)	186	186	240
Apricots (3 States) (tons)	117	117	190
Cranberries (5 States) (barrels)	1,108	1,076	1,050
Pecans (pounds)	170,500	173,400	141,350
METAL PRICES (E. & M. J. QUOTATIONS)—October:			
Copper—			
Domestic refinery (per pound)	27.310c	26.081c	26.435c
Export refinery (per pound)	28.573c	25.489c	23.926c
††London, prompt (per long ton)	£236.288	£209.313	£193.935
††Three months, London (per long ton)	£229.772	£209.426	£197.256
Lead—			
Common, New York (per pound)	12.642c	10.872c	14.000c
Common, East St. Louis (per pound)	12.442c	10.672c	13.800c
††London, prompt (per long ton)	£74.049	£70.523	£89.836
††Three months, London (per long ton)	£74.576	£71.855	£90.455
Zinc (per pound)—East St. Louis	10.638c	10.000c	10.000c
§§Zinc, prime Western, delivered (per pound)	11.338c	10.500c	10.500c
††Zinc, London, prompt (per long ton)	£70.467	£65.031	£73.086
††Zinc, London, three months (per long ton)	£69.492	£65.389	£73.372
Silver and Sterling Exchange—			
Silver, New York (per ounce)	89.966c	88.673c	90.602c
Silver, London (per ounce)	77.989d	75.881d	78.720d
Sterling Exchange (check)	$2.80328	$2.80328	$2.78509
Tin, New York Straits	96.558c	93.975c	93.385c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$232.769	$238.200	$244.750
¶Antimony, New York, boxed	32.590c	32.590c	36.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	33.000c
Antimony (per pound), boxed Laredo	29.500c	29.500c	33.500c
Platinum, refined (per ounce)	$57.000	$59.720	$84.000
†Cadmium, refined (per pound)	$1.45000	$1.52600	$1.70000
‡Cadmium (per pound)	$1.45000	$1.52600	$1.70000
§Cadmium (per pound)	$1.45000	$1.52600	$1.70000
Cobalt, 97% grade (per pound—ounce ton)	$2.00000	$2.00000	$2.00000
Aluminum, 99% grade ingot weighted average (per pound)	$26.800	$26.800	$28.100
Aluminum, 99% grade primary pig	$24.700	$24.700	$26.000
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of October:			
Total number of vehicles	331,817	179,585	417,936
Number of passenger cars	261,950	131,945	327,733
Number of motor trucks	69,737	47,425	89,958
Number of motor coaches	130	215	245
PORTLAND CEMENT (BUREAU OF MINES)—Month of September:			
Production (barrels)	31,597,000	31,675,000	30,884,000
Shipments from mills (barrels)	34,767,000	34,189,000	30,511,000
Stocks (at end of month—barrels)	24,449,000	*27,883,000	20,018,000
Capacity used (per cent)	98	95	104

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne U. S. duty included. ††Average of daily mean and bid and ask quotation at morning session of London Metal Exchange. ‡‡Increase all stocks.

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Mutual Funds

By ROBERT R. RICH

Fund Share Sales at New High in October

Purchases by investors of shares of the 145 open-end (mutual fund) investment company members of the National Association of Investment Companies totaled $170,563,000 during October, a new monthly high, it was announced.

This brings the total new investment through the medium of mutual funds to $1,307,902,000 for the first 10 months of this year, compared with $1,187,314,000 recorded in the first ten months of 1957. Share purchases total $146,157,000 in September, 1958 and $128,337,000 in October a year ago.

Investors redeemed shares valued at $61,270,000 in October, an increase over the $50,075,000 of redemptions in September and the $34,331,000 in October of last year. Redemptions of mutual fund shares tend to increase as securities price levels rise and to decline with falling price levels, the Association said.

Assets of the 145 mutual fund Association members were $12,281,441,000 at the end of October. On September 30, 1958, assets were $11,790,270,000 and a year ago on October 30 were $8,666,442,000. Increases in total assets reflect the overall increase in stock market price levels as well as net new money invested in mutual funds by individuals and institutions.

The number of new accumulation plans opened for the periodic purchase of mutual fund shares totaled 22,735 in October. There were 19,576 plans opened in the previous month and 19,184 in October of last year.

Cites Increased Activity in the Electronics Field

The third quarter of 1958 was one of increased activity throughout the electronics industry and the whole realm of science now appears to be receiving a stimulus unequaled in the past, according to Mrs. Ruth H. Axe, President of Axe Science & Electronics Corp.

In a letter accompanying the third quarter report of this Axe atomic age mutual fund, Mrs. Axe says that during the government fiscal year which ended June 30, 1958, the electronics industry received more than $4 billion in defense contracts as compared with $3½ billion in the previous fiscal years — "with missile work now ranking a close second to aircraft."

"The effect of this," she continues, "has been to spur actual production of electronic components and also to increase the amount of work devoted to research and development, for which contracts amounting to $318 million were awarded during the year."

Mrs. Axe further reports that transistor shipments reached a new high without making severe inroads on vacuum tube sales—and television and radio producers and dealers have been able to reduce inventories, "paving the way for a sharp upturn in the production of new models during the third quarter."

She also calls attention to "remarkable discoveries in microwave amplification," discovery of a new use for uranium alloys in electronic devices and computers and a large government appropriation for science education.

Axe-Houghton's Fund B Assets Pass $100 Million Mark

Axe-Houghton Fund B has crossed the $100 million mark in total net assets after 20 years of operations, it was announced by Emerson W. Axe, President.

Preliminary figures show an all-time high of $100,415,860 at the end of the fiscal year last Friday.

The fund's total net assets were $68,317,043 on Oct. 31, 1957, and only $2,067,713 on Oct. 31, 1948. Shares outstanding rose from 402,924 in 1948 to 10,167,578 in 1957 and 12,754,268 this year.

Net asset value of the shares advanced from $6.72 to $7.87 during the year just ended. A distribution of 29 cents a share from net security profits was paid to shareholders on Oct. 24.

Texas Fund Report Record Highs

It was announced by W. T. Carter, III, President, in the 9th annual report of Texas Fund, Inc., that new highs in total number of shares outstanding and in total assets were reached in the year ending Aug. 31, 1958. Total number of shares were 3,880,835 at the end of August, as against 3,706,264 a year ago. Total assets in the last fiscal year increased to $32,477,032 from $29,704,093.

New additions to the portfolio include Texas Gas Transmission; Texas Eastern Transmission; and Home State Life Insurance Company. Increases to holdings were made in Arizona Public Service; Community Public Service; Arkansas Louisiana Gas; Gulf Insurance; Trinity Universal Insurance; Socony Mobil Oil; Standard Oil; Longhorn Portland Cement; Reed Roller Bit, and the 5.16% convertible 2nd preferred of Tennessee Gas Transmission.

Eliminations from holdings were made in A. P. Green Fire Brick and Humble Oil & Refining. Decreases were made in Oklahoma Gas & Electric; Atlantic Refining; Hugoton Production; Champion Paper & Fibre and National Tank.

MIT Records New Highs as of Sept. 30

Massachusetts Investors Trust, the nation's oldest open-end investment company, reports that on Sept. 30, 1958 total assets, net assets per share and the number of its shareholders were at the highest points for any quarter-end in the 34-year history of the trust.

Net asset value per share on Sept. 30 was $12.20 which, together with a special capital gain distribution of 17 cents in February, is equal to $12.37 a share, compared with $10.52 per share a year earlier.

Total net assets were $1,295,283,816, represented by 106,212,632 shares outstanding, owned by 196,770 stockholders. These figures compare with $1,041,762,243 in assets, represented by 99,024,538 shares outstanding, owned by 179,436 shareholders on Sept. 30, 1957.

During the three months ended Sept. 30 the trust made additional investments in the stocks of 36 portfolio companies; sold some of its holdings in nine companies and eliminated its holdings in Burroughs Corp., Douglas Aircraft, West Virginia Pulp & Paper Co. and Wisconsin Electric Power Co.

Additions to the portfolio were made in Armco Steel; Santa Fe Ry.; Caterpillar Tractor; Champion Paper & Fibre; Comm. Edison; Dayton Power & Light; GE; GM; Gillette; Honolulu Oil; Household Finance; International Harvester; Lone Star Gas; McGraw-Edison; National Steel; Norfolk & West. Ry.; Pullman; Republic Steel; Royal Dutch Petroleum; Southern Co.; Southern Pacific; Southern Railway; and Union Pacific RR. Decreases in common were made in American Can; American Metal Climax; Deere & Co.; Diamond Alkali; Dow Chemical; Pfizer; Union Carbide; and United Aircraft.

Delaware Bullish On Florida Utility

Delaware Fund has taken a position in Florida Power & Light and sold the last of its Rayonier, D. Moreau Barringer, of Delaware Company, the Fund's investment adviser, reported in his latest semi-monthly Directors' Letter.

Mr. Barringer, also Chairman of the Delaware Board, said the big utility's commanding record of expansion of gross, net and net per share seem to justify its high price-earnings ratio. Florida Power & Light's territory, he pointed out, is in the main stream of the American trend toward recreation and Southern vacations, and is also experiencing some convincing industry growth. The utility's excellent management, he commented, has known how to turn these natural advantages into steadily growing profits.

Mr. Barringer also called his board's attention to extra dividends declared by Spiegel, Inc., and resumption of Copperweld's 50-cent quarterly payment giving the Fund a current return of nearly 7% on the latter. Both are recent portfolio additions.

Delaware Fund and Delaware Income Fund, the mutual fund executive noted, remain fully invested.

Sovereign Reports 47.4% Gain in Assets

Sovereign Investors reporting as of Oct. 31, 1958 shows total net assets of $2,659,434.77 compared with $1,803,683.80 on Jan. 1, 1958. This represents an increase of 47.4% for the period. Outstanding shares of the Fund rose 14.4% from 175,377 shares to 200,778 shares during the same period.

The net asset value per share increased from $10.28 on Jan. 1, 1958 to $13.25 on Oct. 31, 1958 a 28.8% advance in the 10 months.

Incorporated's Per Share Value Up 29%

Total net assets of Incorporated Investors have risen over $65,000,000 since the first of the year, reaching a record high of $278,000,000 on Sept. 30. The net asset value per share increased 29% from $7.01 at the beginning of this year to the equivalent of $9.04 after adjusting for capital gain distribution of $0.27 on Feb. 14.

In the quarter ended Sept. 30, the Fund reduced its holdings in oil companies from about $55,000,000 to about $46,000,000. Incorporated Investors 131st Quarterly Report states that "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.

During the quarter Incorporated Investors increased its holdings of pharmaceuticals with additional purchases of Eli Lilly, Merck & Co., Schering Corp. and Smith

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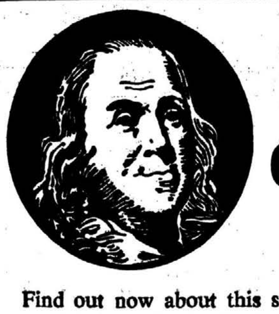
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Kline and French; its steel position, with more Jones and Laughlin, Republic and U. S. Steel; its paper holdings, with additions to St. Regis Paper and Weyerhaeuser Timber. The Fund also added Kaiser Aluminum and Chemical Corporation to its aluminum position and increased its position in Grand Union and Chicago and North Western. New commitments were made in the following utilities all operating in growth areas: Central and Southwest Corp., Florida Power and Light, Houston Lighting and Power and Tampa Electric.

National Assets Top $400 Million

Reflecting its participation in the steady growth of the mutual investment fund industry, combined assets of the National Securities Series of mutual funds have reached an all-time peak in excess of $400 million.

Henry J. Simonson, Jr., President of National Securities & Research Corporation, sponsor and manager of the funds, attributed the rise of $134 million over the Jan. 1, 1958 figure of $266,841,000 to new purchases by investors and market appreciation.

In commenting on the advance of the stock market into new high ground, Mr. Simonson noted that total national spending was reaching new record levels and in his opinion would continue for some time to exceed all previous marks. Such pivotal industries as automotive and steel manufacturing are expected to establish further advances in the recovery movement, he believes, and railroad earnings have started to reflect the general gains in industrial activity.

Increasing credit demands by business, individuals and government will continue to maintain pressure on the prices of fixed income securities, Mr. Simonson noted, but further price advances in selected common stocks can be anticipated during the months ahead subject to the intermediate corrective adjustments normally encountered in any long-term upward movement.

Mutual Investment Doubles Assets

On Oct. 31, 1958, the net assets of Mutual Investment Fund were $22,034,943 as compared to $13,974,136 a year previous. Of total net asset, $11,788,695 was invested in common stocks, $4,677,890 in debentures and preferred stocks convertible into common stocks, and $5,568,358 in U. S. Governments, cash, bonds and notes.

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Chemical Fund's Assets Reach New All-Time High

Chemical Fund, Inc. reported new record highs in total assets and net asset value per share. It also reported the largest October sales of Chemical Fund shares on record.

The Fund's assets reached $185,161,000 on Nov. 6, 1958—the highest level in Chemical Fund's 20 year history. The asset total compares with $176,521,000 reported at the September 1958 quarter-end, and $136,271,000 on Sept. 30, 1957.

Net asset value per share also scored a new all-time high of $19.42 compared with $18.61 at the end of September, 1958. Adjusted for paid-out securities profits, the latest net asset value per share represents a 27% gain from Sept. 30, 1957 asset value of $15.72 per share.

It was also reported that sales of new shares in October totaled over $2,000,000, the largest October sales volume on record. The October total was 31% higher than the same month a year ago. Sales for the first 10 months of 1958 were 16% higher than for the comparable period of last year.

Franklin Custodian Reaches New Peak

Franklin Custodian Funds, Inc. recorded a growth in total net assets of more than 32% for the fiscal year ended Sept. 30, 1958, according to the annual report to shareholders which was released. At the close of the recent fiscal year, assets of the five funds in the Franklin Custodian series aggregated $3,095,101, compared with $2,335,538 on Sept. 30, 1957. During the period, new purchases by investors amounted to $485,481.

The net asset value per share of the various series changed during the year as follows: Common Stock Series increased 20% from $8.56 to $10.24; Utilities Series rose 35% from $7.39 to $9.97; Income Series went up 20% from $4.64 to $5.59; Preferred Series, up 4% from $5.49 to $5.70, and the Bond Series declined 3% from $5.90 to $5.72.

In April, 1958, Franklin established Reinvestment and Monthly Investment Programs which have been received favorably by investors and as a result sales have been given an impetus, the report to stockholders stated.

During 1959, the funds anticipate record growth in sales and shareholders. Gross sales in the final quarter of the year ended Sept. 30, 1958 continued to climb over the like period of 1957, with sales of $225,339 up 120% over the figure of $101,906 in the final three months of the fiscal year ended Sept. 30, 1957.

Group's October Sales Record High

Investor purchases of $4,699,000 of Group Securities, Inc., leading mutual fund, established a record for the month of October and the year thus far, and represented an increase of 140% over the same month in 1957.

Included in the total figure were conversions from one to another of the individual Group funds of $485,000. Net liquidations for the month were $1,034,000.

Investor purchases were $37,701,000 for the first 10 months of 1958, 149% above 1957. This figure includes conversions of $6,331,000. Net liquidations for the period were $9,716,000.

Group Securities' total assets now exceed $140,000,000, up from $92,207,000 on Jan. 1, 1958.

Fidelity's Assets Now at New Record

Fidelity Fund quarterly report as of Sept. 30, 1958, shows total net assets of $319,471,577. This is an increase of about 14.5% over net assets of $279,011,423 on June 30, 1958. Both number of shares outstanding and number of shareholders reached new highs as of Sept. 30, 1958. Fidelity Fund now has 71,300 shareholders, an increase of 10.5% over a year ago.

Net asset value as of Sept. 30, 1958, was $14.70 per share compared with $13.11 per share on June 30, 1958, both after capital gains distribution of 40 cents a share paid Feb. 10, 1958, and compared with $11.72 per share as of Dec. 31, 1957.

On Sept. 25, 1958, dividend of 11 cents per share was paid by the Fund from net investment income bringing total dividends for first nine months of 1958 to 33 cents per share, or same as in similar period of 1957.

Net cash and U. S. Government securities amounted to 1.3% of the Fund's net assets on Sept. 30, 1958, compared with 1.1% on June 30, 1958. Common stock investments amounted to 95.4%, compared with 92.6% on June 30, 1958.

New securities added to portfolio during the quarter included Northern Pacific, Crucible Steel, Consolidated Cement and Northwest Airlines. Eliminated from the Fund during the quarter were Carrier Corporation and Union Oil Company of California.

I. C. A. Share Value Advances 24.3%

Total net assets of The Investment Company of America rose 34.2% during the first nine months of 1958, the company's Silver Anniversary year, and reached a record high of $119,081,167 at Sept. 30, it was stated by President Jonathan B. Lovelace in his quarterly report to the shareholders. This was an increase of $30,343,715 since Dec. 31, 1957, and an increase of $13,412,196 since June 30, 1958.

The total net assets of $119,081,167 on Sept. 30, 1958 were equivalent to $9.33 for each of the 12,764,467 shares outstanding. This compares with a total at Dec. 31, 1957 of $88,737,452, or $7.58 on the 11,708,464 shares then outstanding. The net asset value per share, adjusted for the capital gain distribution of 10 cents, increased 24.4% in the nine-month period.

Net income, excluding capital gains, for the nine months ended Sept. 30, 1958 was $2,196,764, equal to approximately 17.4 cents per share on the average number of shares (12,614,193) outstanding during the period. This compares with net investment income similarly computed of $2,106,121 or approximately 19.8 cents per share on a lesser average number of shares outstanding in the corresponding period a year earlier. Net realized gain on sales of securities in the nine months ended Sept. 30, 1958 was $3,686,459 as compared with $5,170,012 in the like period ended Sept. 30, 1957.

The proportion of the fund's assets in equities, including debentures with equity characteristics, was 79.3% on Sept. 30 as compared with 77.6% on June 30. The remaining 20.7% of total net assets are held in highly liquid form.

New names in the portfolio during the quarter included American & Foreign Power, Consolidated Freightways, Fibreboard Paper Products, Great Western Financial, Norfolk & Western Railway, N. V. Philips' Gloeilampenfabrieken, Outboard Marine, Stewart Warner, and Thompson Products. Companies whose stock was completely eliminated during the quarter included Addressograph-Multigraph, American Natural Gas, Arizona Public Service, Carrier, Central & Southwest Corp., Commonwealth Edison, General Telephone, and Lincoln Life.

Railroad Securities

Atchison, Topeka & Santa Fe

Atchison, Topeka & Santa Fe's earnings this year have shown a marked degree of stability. Gross revenues for the first nine months of this year aggregated $429,400,000 as compared with $453,400,000 in the like 1957 months. However, due to good control over expenses, net railway operating income actually showed a gain of approximately $1,000,000 to $42,934,000 from a year ago.

For the first three quarters of the year net income was $40,328,000, equivalent to $1.47 a common share as compared with $39,215,000, or $1.42 a common share in the like period of 1957.

The big factor in the road's showing has been good control over expenses. One of the principal reasons has been the development of a highly mechanized system of maintenance. Total maintenance of way expenses increased to $89,700,000 in the nine months of 1958 from $78,900,000 in the like months of 1948, a decade ago. The proportion absorbed by wages dropped from 53.1% to 49.2% during this period. Equipment maintenance over the same period rose to $126,300,000 from $92,100,000, but the proportion of wages in this period dropped from 68.8% to 56.3%.

With respect to transportation expenses, the wage ratio increased, however. Transportation expenses increased from $184,000,000 to $213,300,000 in the period between 1957 and 1958. In this respect the wage ratio increased year by year so that from a ratio of 46.9% in 1948 it now is running around 56.9%.

Industrial development in the territory served has played a large part in sustaining the volume of the carrier. The Southwestern territory had been hurt by a long drought which was only broken this year to give the Santa Fe a more-or-less normal crop movement. Last year the pace of industrialization was slowed to some extent because of the drop of general business activity. Despite this, some 380 new permanent industries and 161 expansion projects were reported in 1957 as compared with 437 new installations and 201 expansions in 1956. With general business showing improvement, it is believed that many expansion and building programs, which had been deferred, might again be reactivated. This would be high rated traffic and could do much to increase revenues.

Competition in the district served is intense. To meet this the Santa Fe has expanded its own trailer-on-flat-car service and also has increased the operations of its motor carrier subsidiary which now operates over 13,000 route miles, or almost as much mileage as the road itself. These subsidiaries operate at a profit and reported a combined net profit of $492,000 in 1957. The competitive position of the railroad also has been improved through the 1958 Transportation Act. The latter should reduce non-regulated movement of agriculture products on the highways and also enable the road to eliminate unprofitable passenger mileage more readily. Also, it should provide more flexibility in establishing rates to meet competition.

The financial position of the Santa Fe continues strong. As of Aug. 31, cash and equivalents aggregated $129,500,000, while current liabilities were $85,600,000. Net working capital was $115,600,000 as compared with $95,400,000 on the corresponding date of 1957. The cash flow from depreciation is an impressive $37,000,000 while equipment maturities and other debt due this year amounts to only $5,556,000.

Currently, Santa Fe pays a dividend of 30 cents quarterly plus a year-end extra of 20 cents for a total of $1.40 annually. In view of the road's good operating and physical condition, and the large other income it receives from subsidiaries, as well as its large land holdings, it would seem likely that with a further upturn in business that the regular quarterly rate might be increased some time next year.

First Investors Corp. Opens Boston Office

Rowland A. Robbins, Chairman of First Investors Corporation (FIC), 120 Wall Street, New York City, specialists in mutual funds and investment plans, and one of the largest companies of its type in the country, announced that FIC will open a new sales office in Boston next week at 53 State Street.

The office will be headed by Melvin S. Scherr, formerly an FIC sales executive in New York.

Initially offered in 1940, FIC plans were sold directly to New England investors by its own retail sales organization. In 1950 Mathews & Company became the exclusive New England distributors. However, due to Mr. Mathews' illness, Mathews & Company is now being dissolved and the entire staff of 17 salesmen will become affiliated with the First Investors Corporation.

First Investors Corporation has sales offices and representatives in principal cities throughout the United States. Its plans are offered with optional group term insurance. Thus if an insured planholder should die before completion of his plan, the unpaid balance is completed by the insurance company and the accumulated shares, or the proceeds from their liquidation are made available to a designated beneficiary. Such insurance is written by the Connecticut General Life Insurance Company of Hartford, Conn., the United States Life Insurance Company of New York and the Continental Assurance company of Chicago.

The custodian under these plans is the First Pennsylvania Banking and Trust Company of Philadelphia, Pa., a banking institution in business since 1782.

Approximately 125,000 FIC planholders invest in mutual funds through such programs.

FIC plans currently in force exceed 500 million dollars of agreed payments out of which about 175 million has been paid in to date.

Mr. Robbins pointed out that investors adopting an FIC contractual plan which provides for ten years of monthly payments, have a choice of having their investments made in either a balanced fund (Wellington Fund); a fully managed fund (Mutual Investment Fund); or a common stock fund (Fundamental Investors)—depending on their investment needs.

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★ Admiral Benbow Inn, Inc., Memphis, Tenn.
Nov. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—For operating a restaurant. **Underwriter**—James N. Reddock & Co., Memphis, Tenn.

★ Alyeska Ski Corp., Girdwood, Alaska
Nov. 12 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To build a ski resort. **Underwriter**—None.

● Ambassador Oil Corp., Fort Worth, Tex. (12/4)
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. (12/9)
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 Bowling Equipment Corp.
Nov. 10 (letter of notification) 50,000 shares of non-cumulative convertible preferred stock (par $3) and 5,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price**—$31 per unit. **Proceeds**—For purchase of bowling equipment and working capital. **Office**—135 Front St., New York, N. Y. **Underwriter**—York Securities, Inc., New York, N. Y.

★ American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American-Caribbean Oil Co. (N. Y.)
Feb. 28 filed 500,000 shares of common stock (par 20¢). **Price**—To be supplied by amendment. **Proceeds** — To discharge current liabilities and to drill ten wells. **Underwriters**—To be named by amendment.

American 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 Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment. **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc.

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 Investment Co., Inc.
Dec. 17 filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds**—For investment in first trust notes, second trust notes and construction loans. Company may develop shopping centers and build or purchase office buildings. **Office** — 900 Woodward Bldg., Washington, D. C. **Underwriter** — None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

American Telemail Service, Inc.
Feb. 17 filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc.

★ Anheuser-Busch, Inc. (12/9)
Nov. 14 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To the Estate of Alice Busch. **Underwriters**—Newhard, Cook & Co.; Reinholdt & Gardner; Stifel, Nicolaus & Co., Inc.; and Scherck, Richter Co.; all of St. Louis, Mo.

Anita Cobre U. S. A., Inc., Phoenix, Ariz.
Sept. 30, 1957, filed 85,000 shares of common stock. **Price**—At par ($3.75 per share). **Proceeds**—For investment in subsidiary and working capital. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

● Arvida Corp., Miami, Fla. (12/1-5)
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.

★ Austria (Republic of) (12/3)
Nov. 13 filed $25,000,000 of External Sinking Fund Dollar Bonds due Dec. 1, 1973. **Price**—To be supplied by amendment. **Proceeds**—To be added to the Republic's foreign exchange reserves and be used for the continuation of certain capital expenditure programs. **Underwriters**—Kuhn, Loeb & Co., and Ladenburg, Thalmann & Co., 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 Fidelity Life Insurance Co.
Feb. 28 filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office** — Atlanta, Ga. **Underwriter**—None.

Bankers Management Corp.
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.

Bankers Southern, Inc.
April 14 filed 8,934 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Bankers Bond Co., Louisville, Ky.

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. (12/15-18)
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.

★ Biddeford & Saco Water Co.
Nov. 10 (letter of notiifcation) 1,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds** — For improvements and additions to property. **Office**—181 Elm St., Biddeford, Me. **Underwriter**—None.

● Bowl America Corp., Arlington, Va. (12/1)
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.

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.

★ Campbell Chibougamau Mines, Ltd. (12/3)
Nov. 12 filed $5,000,000 of 6% first mortgage convertible sinking fund bonds. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, and the remainder will be used for corporate purposes, including commencement of development of Henderson ore body. **Office**—55 Yonge St., Toronto, Ontario, Canada. **Underwriters**—Allen & Co., New York, and W. C. Pitfield & Co., Ltd., Montreal, Quebec, Canada.

★ Cardinal Instrumentation Corp. (12/1)
Nov. 4 letter of notification) 240,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For payment of notes, capital additions and inventory. **Office**—4201 Redwood Ave., Los Angeles 66, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

★ Carolina Telephone & Telegraph Co. (12/5)
Nov. 17 filed 58,773 shares of common capital stock (par $100) to be offered for subscription to stockholders of record Dec. 4, 1958, in the ratio of one new share for each five shares then held. **Price**—$125 per share. **Proceeds**—To reduce short-term bank loans. **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. Statement withdrawn early in November.

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**—Charles-town, W. Va. **Underwriter**—None. Statement effective Oct. 23.

● Checker Motors Corp., Kalamazoo, Mich. (11/26)
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 (with an oversubscription privilege); rights to expire on Dec. 18. **Price**—To be supplied by amendment. **Proceeds** — For exercise by company of its option to purchase 19 presses and accessories leased from Checker 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.

★ Coastal Caribbean Oils, Inc., Panama City, Panama
Nov. 10 (letter of notification) 176,624 shares of common stock (par 10 cents). **Price** — At the market (on the American Stock Exchange). **Proceeds**—For development of oil leases. **Underwriter**—None.

Coleman Engineering Co., Inc.
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. **Offering**—Expected this week.

Colonial Aircraft Corp., Sanford, Me.
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, $20,000,000 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. (11/21)
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.

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Consumers Power Co.
Aug. 29 filed 150,000 shares of preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for expansion and improvement of service facilities. **Underwriter** — Morgan Stanley & Co., New York. **Offering**—Postponed indefinitely.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb. 5 filed 100,000 shares of capital stock, (par one cent). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Counselors Research Sales Corp., St Louis. Robert H. Green is President.

● **Crouse-Hinds Co.** (12/3)
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

★ **Cutter Laboratories, Berkeley, Calif.** (12/8)
Nov. 17 filed 150,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, and for other corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

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.

★ **District Veterinary Products Co.**
Nov. 5 (letter of notification) $37,500 of 7% registered debenture bonds and 12,500 shares of class B common stock (par $1) to be offered in units of one $75 debenture and 25 shares of stock. **Price**—$100 per unit. **Proceeds**—To expand activities of the company. **Office**—52 "O" St., N. W. Washington, D. C. **Underwriter**—None.

● **Dixon Chemical Industries, Inc.** (11/24-28)
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.

● **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**—Ross Securities, Inc. (not Rose Securities, Inc. as previously reported), 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.

★ **Eads Mining Co., Inc.**
Nov. 10 (letter of notification) 10,000 shares of common stock. **Price** — At par ($10 per share). **Proceeds** — For mining expenses. **Office**—898 Ridge Rd., Webster, N. Y. **Underwriter**—None.

★ **Epsco, Inc.**
Nov. 5 (letter of notification) 7,500 shares of common stock (no par). **Price**—$24 per share. **Proceeds**—To selling stockholders. **Office**—588 Commonwealth Ave., Boston, Mass. **Underwriter**—W. C. Langley & Co., Boston, Mass. No public offer planned.

★ **Eshelman Motors Corp.**
Nov. 3 (letter of notification) 90,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For car and truck research and development. **Office** — 109 Light St., Baltimore 2, Md. **Underwriter**—None.

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 Commercial Corp.
May 21 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—50 cents per share. Proceeds—To make loans, etc. Office — 80 Wall St., New York, N. Y. Underwriter—Dumont Securities Corp., New York, N. Y.

★ **Ferro Dynamics Corp.**
Nov. 12 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For acquisition or lease of machinery and working capital. **Office**—Lodi, N. J. **Underwriters**—Milton D. Blauner & Co., Inc., New York, N. Y., and Hallowell Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

★ **Financial Industrial Fund Inc., Denver, Colo.**
Nov. 10 filed (by amendment) an additional 8,000 Systematic (Periodic Payment) Investment Plans and 1,000 Cumulative (Full-Paid) Investment Certificates, and an additional 12,000,000 Financial Industrial Fund shares.

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.

★ **Flintkote Co.**
Nov. 10 filed 132,416 shares of $4.50 series A convertible second preferred stock (par $100) together with 330,043 shares of common stock (par $5). [On Dec. 1, 1958, the Hankins Container Co. will be merged into Flintkote; and on the same date Flintkote will acquire all of the outstanding stock of Orangeburg Manufacturing Co., Inc., in exchange for shares of $4.50 series A preferred stock. Under the terms of the merger agreement with Hankins, each of its 267,458 outstanding common shares will be converted into 1,234 shares of Flintkote common, which will result in the issuance of 330,043 shares of Flintkote common. Under the plan for acquisition of Orangeburg Manufacturing, Flintkote will assume that company's liabilities and issue to it 132,416 shares of the new $4.50 series A preferred. Orangeburg Manufacturing will be dissolved, and the Flintkote preferred shares will be distributed to certain of its shareholders.]

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.

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NEW ISSUE CALENDAR

November 21 (Friday)

American International Bowling Corp.____Common
(Netherlands Securities Co., Inc.) $2,310,000

Consolidated Foods Corp.____Common
(Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc.) 111,489 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

Northeast Telecommunications, Inc.____Common
(Pearson, Murphy & Co., Inc. and Reilly, Hoffman & Co., Inc.) $300,000

November 24 (Monday)

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

Gray Manufacturing Co.____Common
(Offering to stockholders—no underwriting) 90,218 shares

Northern Natural Gas Co.____Debentures
(Blyth & Co., Inc.) $30,000,000

November 26 (Wednesday)

Checker Motors Corp.____Common
(Offering to stockholders—not underwritten) 133,112 shares

Lorillard (P.) Co.____Common
(Offering to stockholders—underwritten by Lehman Brothers and Smith, Barney & Co.) 364,670 shares

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

Willer Color Television System, Inc.____Common
(Edwin Jefferson) $206,105

December 1 (Monday)

Arvida Corp.____Class A Common
(Carl M. Loeb, Rhoades & Co. and Dominick & Dominick) $27,500,000

Bowl America Corp.____Common
(Auchincloss, Parker & Redpath) $600,000

Cardinal Instrumentation Corp.____Common
(Myron A. Lomasney & Co.) $240,000

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

December 2 (Tuesday)

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 8:30 a.m. PST) $50,000,000

Papercraft Corp.____Common
(Eastman Dillon, Union Securities & Co.) 250,000 shares

Potomac Electric Power Co.____Bonds
(Bids 11 a.m. EST) $25,000,000

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

United States Freight Co.____Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Smith) $210,000

Vocaline Co. of America, Inc.____Common
(Paine, Webber, Jackson & Curtis) 21,500 shares

Von's Grocery Co.____Common
(Hemphill, Noyes & Co.) 360,000 shares

December 3 (Wednesday)

Austria (Republic of)____Bonds
(Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co.) $25,000,000

Campbell Chibougamau Mines, Ltd.____Bonds
(Allen & Co. and W. C. Pitfield & Co., Ltd.) $5,000,000

Crouse-Hinds Co.____Common
(Hornblower & Weeks) 219,408 shares

Montana-Dakota Utilities Co.____Bonds
(Bids 11 a.m. EST) $10,000,000

Public Service Electric & Gas Co.____Common
(Merrill Lynch, Pierce, Fenner & Smith) 700,000 shares

Union of South Africa____Bonds
(Dillon, Read & Co. Inc.) $25,000,000

Wisconsin Public Service Corp.____Preferred
(The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith; Robert W. Baird & Co., Inc.; and William Blair & Co.) $5,000,000

December 4 (Thursday)

Ambassador Oil Corp.____Common
(Dempsey-Tegeler & Co.) 700,000 shares

December 5 (Friday)

Carolina Telephone & Telegraph Co.____Common
(Offering to stockholders—not underwritten) $7,346,625

Miles Laboratories, Inc.____Debentures
(Offering to stockholders—underwritten by The First Boston Corp.) $6,035,400

December 8 (Monday)

Cutter Laboratories____Common
(Blyth & Co., Inc.) 150,000 shares

Narda Ultrasonics Corp.____Common
(Milton D. Blauner & Co., Inc. and Michael G. Kletz & Co.) 60,000 shares

National Old Line Insurance Co.____Common
(Equitable Securities Corp.) 515,021 shares

Northwest Airlines, Inc.____Preferred
(Offering to stockholders—underwritten by The First Boston Corp.) $11,226,000

West Ohio Gas Co.____Common
(Offering to stockholders—not underwritten) $564,225

December 9 (Tuesday)

American Art Metals Co.____Debentures
(The Johnson, Lane, Space Corp., W. E. Hutton & Co. and J. H. Hilsman & Co., Inc.) $1,250,000

Anheuser-Busch, Inc.____Common
(Newhard, Cook & Co.; Reinholdt & Gardner; Stifel, Nicolaus & Co., Inc.; and Scherck, Richter Co.) 100,000 shares

Southern Bell Telephone & Telegraph Co.__Debens.
(Bids 11 a.m. EST) $70,000,000

December 10 (Wednesday)

Philadelphia Electric Co.____Bonds
(Bids noon EST) $50,000,000

December 15 (Monday)

Belock Instrument Corp.____Debentures
(Carl M. Loeb, Rhoades & Co.) $1,000,000

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

January 20 (Tuesday)

Government Employees Variable Annuity Life Insurance Co.____Common
(Offering to stockholders—underwritten by Johnston, Lemon & Co.; Eastman Dillon, Union Securities & Co. and Abacus Fund) $7,500,000

Postponed Financing

Consumers Power Co.____Preferred
(Morgan Stanley & Co.) $15,000,000

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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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 Public Service Corp.**
Oct. 29 filed 2,478,264 shares of common stock being 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 oversupscription privilege); rights to expire on Dec. 2. **Price**—$5 per share. **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.

★ **General Sales Corp.**
Nov. 10 (letter of notification) 240,000 shares of common stock (par 25 cents). **Price**—$1.25 per share. **Proceeds**—To remodel; to purchase inventory; to purchase mailing lists and for additional working capital. **Office**—1105 N. E. Broadway, Portland, Ore. **Underwriter**—None.

★ **Government Employees Variable Annuity Life Insurance Co. (1/20)**
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company on or about Jan. 20, 1959 viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held on Jan. 6, 1959 (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held on Jan. 6, 1959 (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held on Jan. 6, 1959 (as of Sept. 30, 1958 there were 143,127 shares of stock outstanding and $614,360 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,724 common shares would be outstanding). **Price** — $3 per share. **Proceeds** — For capital and surplus. **Office**—Government Employees Insurance Building, Washington, D. C. **Underwriters**—Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass.

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 Canyon Life Insurance Co.**
Nov. 6 (letter of notification) 33,750 shares of common stock (par $1) to be offered to policyholders, officers and employees under certain conditions. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—3520 North 16th St., Phoenix, Ariz. **Underwriter**—None.

★ **Grand Canyon State Insurance Co.**
Nov. 6 (letter of notification) $175,536.50 of Trust Agreements (balance of an original offering which commenced during 1948, of an indefinite number of Trust Agreements under the terms of which the trustees agree to accept and hold in trust for the policyholder-trustor all amounts due and to become due the policyholder-trustor under special provision for dividend, etc.). **Proceeds**—Aggregate not to exceed $300,000 to be used to start an insurance company. **Office**—3520 North 16th St., Phoenix, Ariz. **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.

★ **Guaranty Life Insurance Co. of America**
Nov. 14 filed 88,740 shares of class A common capital stock (par $1.80). **Price**—$5.35 per share. **Proceeds**—To increase capital and surplus. **Office**—815 15th Street, N. W., Washington, D. C. **Underwriter**—None.

Guardian Insurance Corp., Baltimore, Md.
Aug. 16, 1957, filed 300,000 shares of common stock, of which 200,000 shares are to be publicly offered and the remaining 100,000 shares reserved for issuance upon exercise of warrants which are to be sold at 25 cents per warrant to organizers, incorporators, management and/or directors. **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

● **Gulf States Utilities Co.**
Aug. 14 filed $17,000,000 of first mortgage bonds, series A, due 1988. **Proceeds**—Together with cash on hand, to redeem and retire $17,000,000 principal amount of 4⅞% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; and Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids—Had been expected to be received on Sept. 15. but has been indefinitely postponed.** Statement withdrawn.

Hamilton Oil & Gas Corp.
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.] **Offering**—Expected today (Nov. 20).

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, 181,606 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.

★ **Haverhill Gas Co., Haverhill, Mass. (12/3)**
Nov. 12 (letter of notification) 12,285 shares of capital stock (par $10) to be offered for subscription by stockholders of record on Dec. 3, 1958. **Price**—$20 per share. **Proceeds**—To repay bank loans. **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. (11/21)**
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. (11/21)**
Nov. 3 filed 206,446 shares of common stock (par $10) to be offered for subscription by common stockholders of record Nov. 17, 1958, 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.

★ **Keystone Custodian Funds, Inc.**
Nov. 17 filed (by amendment) an additional 500,000 Keystone Custodian Fund Certificates of Participation Series B-4 and an additional 500,000 Keystone Custodian Fund Certificates of Participation Series S-1. **Price**—At market. **Proceeds**—For investment.

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.

★ **Lexington Funds, Inc., New York**
Nov. 14 filed (by amendment) an additional 350,000 shares of Lexington Venture Fund and an additional 5,100,000 of Lexington Accumulation Plans with and without insurance protection. **Price**—At market. **Proceeds**—For investment.

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.

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 sup-

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plied 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.

★ **Lowenstein (M.) & Sons, Inc.**
Nov. 7 (letter of notification) 3,225 shares of common stock (par $1) to be offered on a basis of 1¼ shares in exchange for one share of capital stock of Wamsutta Mills on the basis of 1¼ shares for each Wamsutta share. **Office**—1430 Broadway, New York, N. Y. **Underwriter**—None.

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.

★ **Marcus Transformer Co., Inc.**
Nov. 6 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For purchase and installation of new production equipment and working capital. **Office**—900 Leesville Ave., Rahway, N. J. **Underwriter**—Berry & Co., New York, N. Y.

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 220,090 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.

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.

★ **Miles Laboratories, Inc. (12/5)**
Nov. 14 filed $6,035,400 of convertible subordinated debentures due 1978, to be offered for subscription by common stockholders of record Dec. 4, 1958 in the ratio of $100 of debenturse for each 20 common shares held; rights will expire on Dec. 19, 1958. **Price**—To be supplied by amendment. **Proceeds**—For expansion program and general corporate purposes. **Underwriter** — The First Boston Corp., New York.

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 up to 11 a.m. (EST) 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. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—Had been expected to be received up to noon (EDT) on Aug. 26 at Room 2033, Two Rector St., New York, N. Y., but company on Aug. 22 again decided to defer sale pending improvement in market conditions.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par) The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers**—Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc.

★ **Morton Manufacturing Corp.**
Nov. 17 filed 120,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—2101 Hudson Street, Lynchburg, Va. **Underwriter**—Johnson, Lane, Space Corp., Augusta, Ga.

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.

● **Nardo Ultrasonics Corp. (12/8)**
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 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 Life Insurance Co. (12/8-16)**
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)
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. **Offering** — Expected today (Nov. 20).

● **Northeast Telecommunications, Inc. (11/21)**
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. (11/25)**
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 Airlines, Inc. (12/8)**
Nov. 13 filed 449,040 shares of cumulative preferred stock, convertible series (par $25) to be offered for subscription by common stockholders on the basis of one preferred share for each three common shares held on Dec. 5; rights to expire on Dec. 22. **Price**—To be supplied by amendment. **Proceeds** — Together with other funds, to liquidate the borrowing under the present credit agreement with banks now amounting to $34,000,000, and the balance, together with cash generated from depreciation and retained earnings will be applied toward the acquisition of the new turboprop and turbojet aircraft and related spare parts, equipment and ground facilities, and for other corporate purposes. **Underwriter** —The First Boston Corp., 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.

★ **Odlin Industries, Inc.**
Nov. 12 filed $250,000 of 5½% convertible debentures and 250,000 shares of common stock (par 10 cents). **Price** —Debentures at 100% and stock at $3 per share. **Proceeds**—To purchase a textile mill, machinery, equipment and raw materials, and to provide working capital. **Office** —375 Park Ave., New York, N. Y. **Underwriter**—Harris Securities Corp., New York, N. Y., on a best efforts basis.

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.

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 up to 8:30 a.m. (PST) Dec. 2.

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. (12/2)**
Nov. 12 filed 250,000 shares of common stock (par $1). **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.

★ **Peterson-Vogel, Inc.**
Nov. 3 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchase of car wash plants, accounts payable, working capital, etc. **Office** — 710 S. Fourth St., Las Vegas, Nev. **Underwriter**—None.

★ **Philadelphia Electric Co. (12/10)**
Nov. 13 filed $50,000,000 of first and refunding mortgage bonds due Dec. 1, 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.

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.

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● Potomac Electric Power Co. (12/2)
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). **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 2.

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. Statement effective Nov. 7.

★ Public Service Electric & Gas Co. (12/3)
Nov. 13 filed 700,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith, New York.

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. **Underwriters**—H. J. Weinberger Co., Jersey City, N. J., and Walter R. Blaha & Co., Inc., Long Island City, N. Y.

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.

★ Revlon, Inc.
Nov. 18 filed 140,000 shares of common stock, to be offered to employees of the company and its subsidiaries pursuant to the company's Executive Stock Option Plan.

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.

★ Seacoast Investment Corp.
Nov. 10 (letter of notification) $250,000 of 10-year 7% registered series notes to be offered in varying denominations of $100 to $1,000. **Price**—At par. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **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. 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 6% 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 Bell Telephone & Telegraph Co. (12/9)
Nov. 14 filed $70,000,000 of 35-year debentures due Dec. 1, 1993. **Proceeds**—To repay outstanding advances from American Telephone & Telegraph Co., and the balance will be used for general corporate purposes. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received at Room 2315, 195 Broadway, New York, N. Y., up to 11 a.m. (EST) on Dec. 9.

★ 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.

★ Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

★ Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

● 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. **Offering**—Temporarily suspended by SEC on Nov. 17.

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.

★ Sterling Hardware Co., Inc., Hazard, Ky.
Nov. 6 (letter of notification) 1,881 shares of class B common stock (par $10) to be offered to employees pursuant to the Employees Stock Purchase Plan, of which 579 shares are to be offered at $19.77 per share and the remainder at $19.84 per share. **Proceeds**—For working capital. **Underwriter**—None.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

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.
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.] **Offering**—Expected this week.

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 drilling and exploration costs and 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.

● 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. Statement to be withdrawn.

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.

★ United States Freight Co. (12/2)
Nov. 13 filed 210,000 shares of capital stock (no par) to be offered for subscription by stockholders on or about Dec. 2, 1958, at the rate of one new share for each four shares held, rights to expire on Dec. 16. **Price**—To be supplied by amendment. **Proceeds** — Some $750,000 will be used to prepay conditional sales contracts for trailers, tractors and miscellaneous equipment previously acquired by the company for use in "piggyback" operations, and approximately $1,750,000 will be applied to additional "piggyback" equipment, the balance will be used for general corporate purposes, primarily as additional working capital to finance expanded "piggyback" operations. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, New York.

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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.

★ **Vocaline Co. of America, Inc., Old Lyme, Conn. (12/2)**
Nov. 10 (letter of notification) 21,500 shares of common stock (par $1.50). **Price**—To be supplied by amendment. **Proceeds** — To repay short term bank loan; reduce accounts payable; acquire inventory and the balance for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, New York, N. Y.

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.**
Oct. 24 (letter of notification) 300,000 shares of common stock being 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. 12, 1958. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—Waltham, Mass. **Underwriter**—None.

★ **Washington Water Power Co.**
Nov. 12 (letter of notification) 7,300 shares of common stock (no par) to be offered to employees under a Employees Stock Purchase Plan. **Price**—Estimated at $39 per share. **Proceeds**—To meet construction requirements. **Office** — E. 1411 Mission Ave., Spokane, Wash. **Underwriter**—None.

★ **West Ohio Gas Co. (12/8)**
Nov. 17 filed 37,615 shares of common stock (par $5) to be offered for subscription by common stockholders of record Dec. 6, 1958, at the rate of one new share for each 10 shares then held. **Price**—$15 per share. **Proceeds**—For construction program. **Office**—319 West Market St., Lima, O. **Underwriter**—None.

★ **Western Steel, Inc.**
Nov. 5 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To construct a plant and mill and for working capital. **Office**—507-509 West 28th St., Cheyenne, Wyo. **Underwriter**—None.

★ **White Eagle Oil Co., Tulsa, Okla.**
Nov. 6 (letter of notification) a maximum number of 3,450 shares of common stock (par 10 cents). **Price**—$8.50 per share (estimate mean between New York Stock Exchange bid and asked price on Nov. 14, 1958). **Proceeds**—To go to stockholders entitled to receive fractional shares in connection with 5% stock dividend. **Underwriter**—None.

● **Willer Color Television System, Inc. (11/26)**
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. Statement effective Nov. 18.

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.

● **Wisconsin Public Service Corp. (12/3)**
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**—The First Boston Corp., and Merrill Lynch, Pierce, Fenner & Smith, both of New York; Robert W. Baird & Co., Inc., Milwaukee, Wis.; and William Blair & Co., Chicago, Ill.

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. (11/24-25)**
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.

★ **Wyoming Corp.**
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

Acme Steel Co.
March 21 it was announced that the company plans additional financing this year, in the form of common stock preferred stock, or a combination of the two, including bank loans. **Proceeds**—For expansion program, working capital and inventories. **Underwriters**—Blyth & Co Inc. and Merrill Lynch, Pierce, Fenner & Smith.

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.

Equitable Gas Co.
July 18 it was announced that the company expects later in the year to issue and sell additional securities, probably preferred stock, to secure approximately $5,000,000 of additional funds. **Proceeds**—Together with $7,000,000 from private sale of 4½% bonds, to repay short-term bank loans and for construction program. **Underwriters**—May be The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; and White, Weld & Co., all of New York.

First City National Bank
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.)**
Nov. 19 it was announced Bank is offering 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); rights will expire on Dec. 5. **Price**—$55 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Van Alstyne, Noel & Co., New York.

Giant Food Stores, Inc.
Nov. 3 it was reported that the company plans an offering of common stock to holders of Giant Food Properties, Inc. **Underwriters**—May be Kidder, Peabody & Co., New York, and Auchincloss, Parker & Redpath, Washington, D. C.

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.

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.

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.

Midwestern Gas Transmission Co.
March 24 it was announced that this subsidiary of Tennessee Gas Transmission Co. has applied to the Federal Power Commission for permission to issue first mortgage bonds, unsecured notes and common stock. **Proceeds**—To build pipe line system to cost about $111,000,000. **Underwriters** — Stone & Webster Securities Corp. and White Weld & Co., both of New York.

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. (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.

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★ Republic National Bank of Dallas, Tex.
Nov. 14 Bank offered 85,170 additional shares of capital stock (par $12) to its stockholders of record Nov. 14, 1958, one new share for each 35 shares held; rights to expire on Dec. 1, 1958. **Price**—$60 per share. **Proceeds**—To increase capital and surplus.

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 $1,200,009 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.

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.

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 began on Nov. 17 and will 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).

Our Reporter's Report

The underwriting fraternity still awaits a definite break in the fog-bank which has surrounded the new issue and secondary investment markets in recent months. True, the banking community has been able to move new issues after a fashion, but it has been slow and laborious work.

Perhaps the latest action of the Treasury in deciding to avoid attempting any long-range exchange offer for its $12 billion of maturities next month, may afford some respite since it plans also to raise even a good part of its new cash via new short-term bills.

Accordingly, there should be a minimum of disturbance to the existing markets as a result. At least the task of adjusting to any new base that might have developed out of a new U. S. long-term bond issue is again thrust indefinitely into the future.

Meantime, the bond market continues to behave a bit nervously but with any emphasis being on the side of improved prices and shaded yields. Institutional investors still are not rushing into the market for new corporate debt offerings.

The prospective calendar is building up but chances are that some of prospective offerings now going into registration probably will go over the turn of the year unless the market holds current levels or extends its improvement.

It is only a matter of weeks until large-scale buyers of investment securities will be more interested in adjusting their accounts for the year-end than in taking on new commitments.

Pacific Tel. & Tel.

It had been recognized that bankers faced the task of bidding realistically this week when Pacific Telephone & Telegraph Co.'s $80 million of 32-year debentures came up for sale.

When the issue was put up two major syndicates breasted the wire, with the winner agreeing to pay the company a price of 101.76 for a 4⅝% interest rate. The runner-up bid 101.4599 for the same coupon rates, for a spread of only about $3 per $1,000 bond.

The successful syndicate is re-offering at a price of 102.625, for an indicated yield of 4.47%. Even on such terms the debentures were a bit slow in moving to investors at the outset.

Next Week's Roster

Northern Natural Gas Co.'s $30 million issue of sinking fund debentures, due on the market on Wednesday via the negotiated route, is next week's largest prospective offering.

Also looming on the horizon is Arvida Corp.'s projected sale of $27.5 million of Class A common stock. This issue invoked the ire of SEC a few weeks back when that agency alleged sponsors were "jumping the gun," so to speak, by talking about the offering prior to actual registration.

Aside from several stock offerings on "rights," that about rounds out the calendar for Thanksgiving Day week. There is an offering listed for the holiday, Checker Motors Corp.'s 133,132 shares of common to its stockholders. But this one is not being underwritten.

"A Very Serious Thing!"

"Next year we are going to have to refund $50,000,000,000 of bonds of more than one-year length.

"We have, during that same time, a roll-over, something in the order of $23,000,000,000 worth of short-term notes. . . .

"Finally, we've got to find more than $12,000,000,000 of new money; and, next fall, because of the seasonal way in which our income comes into the Treasury, we will have to make temporary borrowings of a considerable amount of money.

Pres. Eisenhower

"Now this, to my mind, is a very serious thing because I am convinced that the two principal spurs to inflation are, one, the continuous wage-price spiral, and the other is unnecessary Federal spending, particularly Federal deficits of the size that we had to face up to this year.

"We have got to stop spending if we are going to keep further dilution of the dollar from taking place.

"And I have this one conviction: All of you know the extent to which I am dedicated to the whole theory of liberty and freedom and of free enterprise, and I believe that these things—we cannot have these concepts applied completely in our country unless we do stop this money spending."—President Dwight D. Eisenhower.

It is indeed "a very serious thing." The President himself has not always appeared to be fully aware of its seriousness, but we as a people had better be.

Joins Lakewood Secs.

(Special to THE FINANCIAL CHRONICLE)

LAKEWOOD, Ohio — Margaret H. Stockdale has become connected with Lakewood Securities Corp., 14714 Detroit Avenue.

Two With F. E. Siemens

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Albert M. McBrien and R. Earl Riley have been added to the staff of F. E. Siemens & Associates, 584 Pittock Block.

Forms Scott Co.

PASADENA, Tex.—William H. Scott, Sr., is conducting a securities business from offices at 419 South Center Street under the firm name of The Scott Co.

Purvis Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Arnold Deitsch has been added to the staff of Purvis & Company, 1717 Stout Street.

With Harry W. Peters

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—Cecil L. Hebrew is now affiliated with Harry W. Peters, 610 Rood Avenue.

With H. M. Byllesby Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Edward A. Seeber is now affiliated with H. M. Byllesby and Company, Incorporated, 135 South La Salle Street, members of the Midwest Stock Exchange.

New Market Corp. Office

MINNEAPOLIS, Minn. — The Market Corporation has opened a branch office in the Rand Tower under the management of Jerome G. Schaefer.

Two With Chapin

(Special to THE FINANCIAL CHRONICLE)

FT. DOLLINS, Colo. — Harold E. Shannen and Mrs. Lois D. Schilling are now affiliated with Don A. Chapin Co., 155 North College Avenue.

Three With Walston

Albert Malangone, Gabriel Telem and Paul K. Hendison have become associated with Walston & Co., Inc. as registered representatives in their office at 21 West 44th Street, New York City.

Now Palo Alto Research

PALO ALTO, Calif.—The firm name of Palo Alto Financial Services, Menlo Park, has been changed to Palo Alto Research and the firm is now located at 323 Town & Country Village, Palo Alto.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

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

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Business Man's Bookshelf

Advanced Accounting Problems—Irving J. Chaykin and Max Zimering—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y., $10.50 (accompanied by a spiral-bound workbook which contains additional problem material, $3.95).

Check Points for Sound Collective Bargaining—National Association of Manufacturers, 2 East 48th Street, New York 17, N.Y. (paper), $1.

Collective Bargaining Over Profit Sharing: The Automobile Union's Effort to Extend its Frontier of Control—Royal E. Montgomery, Irwin M. Stelzer, and Rosalind Roth—Boni, Watkins, Jason & Co., Inc., 37 Wall St., New York 5, N. Y. (paper).

Company and Community: Case Studies in Industry-City Relationships — Wayne Hodges — Harper & Brothers, New York, N. Y. (cloth), $4.50.

Effects of the $1 Minimum Wage in Seven Areas—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.—on request.

Extent of Voluntary Health Insurance Coverage in the U. S. as of Dec. 31, 1957—Health Insurance Council, Health Insurance Association of America, 750 Third Avenue, New York 17, N. Y.—paper—on request.

French American Commerce—Review—French Chamber of Commerce of the United States, Inc., 250 West 57th Street, New York 19, N. Y. (paper).

French Constitution—French Text and English Translation—Press and Information Division, French Embassy, 972 Fifth Avenue, New York 21, N. Y. (paper).

French West and Equatorial Africa—Economic Survey—Press and Information Division of French Embassy, 972 Fifth Avenue, New York 21, N. Y.—on request.

Human Side of Urban Renewal—Martin Millspaugh and Gurney Breckenfeld—Fight Blight, Inc., 32 South Street, Rm. 502, Baltimore 2, Md., $3.50.

Income Tax Differentials. A Symposium—Tax Institute Incorporated, 457 Nassau Street, Princeton, N. J., $6.

Machine Accounting and Data Processing—Magazine of automatic office methods and management, to be issued bi-monthly with information regarding punched card and punched tape systems, business computers, and information related to automation in the office — $7.50 per year ($6.50 per year if order entered before Dec. 31, 1958)—Gille Associates, Inc., 270 Madison Avenue, New York 16, N.Y.

Machine & Allied Products Institute Financial Review, October 1958, containing articles on Measuring the Utilization of Corporate Capital; Company Cost Reduction Programs; Establishment and Practice of Corporate Dividend Policy; Production Planning, Scheduling, and Load; Control of Engineering and Development Costs; Fringe Benefits; etc.—Machinery and Allied Products Institute, 1200 Eighteenth Street, N. W., Washington 6, D. C. (paper), $1.00.

Manpower Problems in Economic Development: A Selected Bibliography — Industrial relations Section, Princeton University, Princeton, N. J.—paper—$2.

Membership Participation in Union Affairs—A Bibliography—Selected References, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 30c.

New Dwelling Units Authorized by Local Building Permits, Annual Summary, 1956-57—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.—on request.

Occupational Outlook Quarterly—Containing articles on How Automation Will Affect Office Workers; Value of Military Training in Civilian Jobs; Employment Outlook for Biological Sciences; High School Leavers in Vanderbuegh County, Ind.; Careers for Women in Science; Recent Changes in Federal Pay Rates and Personnel Practices—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y., 30c per copy; $1 per year.

Of the People, by the People, for the People—An informal analysis of tax-free Public Bonds (Municipal Bonds)—E. H. Davis—John Nuveen & Co., 135 South La Salle Street, Chicago 3, Ill. (cloth), $3.75.

Older Worker in Industry — G. Hamilton Crook and Martin Heinstein — Institute of Industrial Relations, 201 California Hall, University of California, Berkeley 4, Calif., $2.

Organizations — James G. March and Herbert A. Simon — John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y., $6.

Permanent Peace: A Check and Balance Plan — Tom Slick — Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $2.95.

Population Bomb — Hugh Moore Fund, 51 East 42nd Street, New York 17, N. Y. (paper).

Reading List on Business Administration — 7th Revision — Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H.—paper—$2.

Repairs vs. Capital Expenditures —James C. Wriggins and George Byron Gordon—Tax Practitioners' Library — Ronald Press Company, 15 East 26th Street, New York 10, N. Y., $10.00.

Results Approach to Organization — Edward C. Schleh — Society for Advancement of Management, 74 Fifth Avenue, New York 11, N. Y. (paper), $1.50.

Some Quantitative Aspects of Stock Trading on the Leading U. S. Stock Exchanges—Foundation for Economic Research of the University of Amsterdam —H. E. Stenfert Kroese, N. V., Publishers, 38 Pieterskerkhof, Leiden, Holland (cloth), f 19.

South and Its Stake in Japan—United States - Japan Trade Council, 149 Broadway, New York, N. Y. (paper), on request.

Special Checking Accounts Operating Procedure — American Bankers Association, 12 East 36th Street, New York 16, N. W. —paper—50c.

Story of an American Communist —John Gates—Thomas Nelson & Sons, 19 East 47th Street, New York17, N. Y., $3.95.

Tax Evasion vs. Tax Avoidance—Sydney A. Gutkin and David Beck — Tax Practitioners' Library, Ronald Press Company, 15 East 26th Street, New York 10, N. Y., $10.00.

This Is du Pont: The Story of Technology—E. I. du Pont de Nemours & Company, Wilmington, Delaware (paper).

Transportation Equipment: I — First of a series of reports on "Statistics of Manufacturing Industries" — National Industrial Conference Board, 460 Park Avenue, New York 22, N. Y.—$12.50.

What Do You Know About Malaria? — Pamphlet—Department of State Publication No. 6716—U. S. Government Printing Office, Washington, D. C.

What's in the Air?—Hazel Holly—Pamphlet on air pollution — Public Affairs Committee, 22 East 38th Street, New York 16, N. Y. (paper), 25c.

World in Turmoil: Realities Facing U. S. Foreign Policy—40th anniversary statement—Foreign Policy Association, Incorporated, 345 East 46th Street, New York 17, N. Y.—paper—50c.

You and Your Adopted Child—Eda J. LeShan—Public Affairs Committee, 22 East 38th Street, New York 16, N. Y. (paper), 25 cents.

Joins David Means

(Special to THE FINANCIAL CHRONICLE)

BANGOR, Maine — Howard L. Davis has become connected with David G. Means, 6 State Street.

With Donald C. Sloan

(Special to THE FINANCIAL CHRONICLE)

SALEM, Oreg.—Paul W. Shepard is now with Donald C. Sloan & Co., 633 Brenner Street.

DIVIDEND NOTICE

CYANAMID

AMERICAN CYANAMID COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½c) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series D, payable January 2, 1959, to the holders of such stock of record at the close of business December 2, 1958.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of forty cents (40c) per share on the outstanding shares of the Common Stock of the Company, payable December 23, 1958, to the holders of such stock of record at the close of business December 2, 1958.

R. S. KYLE, *Secretary*

New York, November 18, 1958.

DIVIDEND NOTICES

PUNTA ALEGRE SUGAR CORPORATION

The Board of Directors has declared a year-end dividend of $.50 per share on the capital stock of the Corporation, payable December 12, 1958, to stockholders of record at the close of business November 20, 1958.

WILLIAM C. DOUGLAS, *Chairman*

November 13, 1958.

CALIFORNIA-PACIFIC UTILITIES COMPANY

Quarterly dividends payable December 15 to shareholders of record December 1, have been declared at the following rates per share:

5% Preferred	25¢
5% Convertible Preferred	25¢
5.40% Convertible Preferred	27¢
5½% Convertible Preferred	27½¢
Common	40¢

D. J. Ley, VICE-PRES. & TREAS.

October 20, 1958

E. I. DU PONT DE NEMOURS & COMPANY

DU PONT

Wilmington, Del., November 17, 1958

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable January 24, 1959, to stockholders of record at the close of business on January 9, 1959; also $1.50 a share on the Common Stock as the year-end dividend for 1958, payable December 13, 1958, to stockholders of record at the close of business on November 24, 1958.

P. S. DU PONT, 3RD, *Secretary*

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 178

A dividend of ONE DOLLAR AND SEVENTY-FIVE CENTS a share has been declared on the capital stock of this Company, payable December 19, 1958, to stockholders of record at the close of business on December 5, 1958. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN

Exec. Vice Pres. & Sec'y.

DIVIDEND NOTICES

UNITED FRUIT COMPANY

238th Consecutive Quarterly Dividend

A dividend of fifty cents per share on the capital stock of this Company has been declared payable January 15, 1959, to shareholders of record Dec. 12, 1958.

EDWARD D. TOLAND, Jr.

Secretary and Treasurer

Boston, Mass., November 17, 1958

Public Service Electric and Gas Company

NEWARK, N. J.

QUARTERLY DIVIDENDS

The Board of Directors has declared the following dividends for the quarter ending December 31, 1958:

Class of Stock	Dividend Per Share
4.08% Cumulative Preferred	$1.02
4.18% Cumulative Preferred	1.045
4.30% Cumulative Preferred	1.075
5.05% Cumulative Preferred	1.2625
$1.40 Dividend Preference	.35
Common	.45

All dividends are payable on or before December 22, 1958 to stockholders of record November 28, 1958.

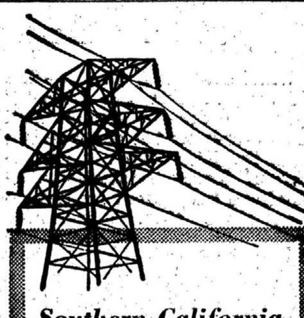
F. MILTON LUDLOW

Secretary

PUBLIC SERVICE

CROSSROADS OF THE EAST

DIVIDEND NOTICES



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 198
60 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 47
27 cents per share.

The above dividends are payable December 31, 1958, to stockholders of record December 5. *Checks will be mailed from the Company's office in Los Angeles, December 31.*

P. C. HALE, *Treasurer*

November 17, 1958

Edison

UNITED GAS CORPORATION

SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of the Corporation, payable January 2, 1959, to stockholders of record at the close of business on December 10, 1958.

B. M. BYRD

November 19, 1958 *Secretary*

UNITED GAS

SERVING THE

Gulf South

The UNITED Corporation

The Board of Directors has declared dividends totaling 25 cents per share, payable December 15, 1958 to stockholders of record November 28, 1958.

Of the 25 cents per share, 10 cents per share is designated as a dividend paid from net investment income and 15 cents per share as a dividend paid from net realized gains on investments.

In June 1958 the Corporation paid a dividend of 10 cents per share from net investment income. Thus, total 1958 dividends will be 35 cents per share, the same as total 1957 dividends.

Of the total 1958 dividends 20 cents per share is from net investment income and 15 cents per share from net realized gains on investments. In 1957, 25 cents per share was from net investment income and 10 cents per share from net realized gains on investments.

November 13, 1958. WM. M. HICKEY, *President*

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Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — The oil and natural gas industry has been greatly disappointed in the treatment it has received from the Eisenhower Administration. These industries actually have had harder legal sledding since Gen. Eisenhower began occupying the White House than during the Truman Administration.

The number of anti-trust cases against the oil industry probably has never been as large as at present. Suits are pending all over the country against oil companies.

The highly competitive natural gas industry has been greatly disappointed over actions of the Administration. Their first big blow came when President Eisenhower vetoed the natural gas bill, which would have freed the producers of natural gas from unwarranted regulations by the Federal Power Commission.

It seems that, since the veto, the attitude of the industry has been: If the Administration wants a gas bill passed, and the President has said a "proper" bill should be passed, let the Administration do something about it. Certainly the industry made no concerted effort to get such a bill passed at the last session.

When the natural gas bill was being considered by Congress, and headed toward the White House where it was vetoed, mayors and city officials were issuing statements, warning that unless President Eisenhower killed the bill by his veto, users of gas all over the country would get their rates increased. They failed to say if the President vetoed the bill, gas rates would go up.

Rate Increases Pending

Today the industry has many applications pending for rate increases of various kinds to meet increased production costs, including 54 by pipeline companies involving $220,873,600.

However, the Federal Power Commission is really snowed under, with 1,500 pending independent producer applications for increased rates. The independent producers sell to the interstate pipelines. The whole rate question snowballed after the Supreme Court handed down the now famous Phillips case in which the tribunal held that the FPC had jurisdiction to pass on the question of rates of independent producers to the pipelines. Prior to the decision, the FPC had maintained it was powerless. The Commission is still anxious that Congress pass a bill that would take away this function from the Commission.

Meantime, labor leaders and their spokesmen are ready to pounce on any natural gas bill that might be considered. In the last session the AFL-CIO News, official publication of the union, intermittently reminded readers and their families to write and contact their representatives and senators and ask them to vote against such a bill. One editorial, captioned "Watch Your Wallet," declared that if the bill passes, "your wallet will get thinner—much thinner—each time you pay your gas bill." The editorial said "those Texas oil billionaires and their allies would be the beneficiaries of such a bill.

With the slowdown in exploratory drilling in Texas and Louisiana, it is doubtful whether new reserves discovered this year will more than offset the drain made from the existing fields.

Suits Against Oil Companies

One of the puzzlers to the oil industry at this time is why the Department of Justice is devoting so much of its attention to investigating and bringing suits against the oil companies. A little more than a year ago Victor R. Hansen, Chief of the department's anti-trust division, in an address at Cincinnati was quoted as saying that at that time 25% of the anti-trust division's lawyers were concerned with investigations or to the suits already on file in connection with the petroleum industry.

Donald C. O'Hara, Associate Counsel of the National Petroleum Association, a trade association, insists that it is impossible to trace any particular pattern to the suits. For instance, he says, one suit charges oil importers with restricting imports to the detriment of domestic producers, while at the same time the Government has called upon importers to limit their imports under a voluntary plan.

Another suit alleged the suppliers conspired to end a price war, while several others charge them with fomenting price wars by discounts by dealers. A number of cases charge that discounts have been given favored dealers to the detriment of others in the same marketing territory, while one case charges a company with a reduction to all dealers in the same city.

Right or wrong, the industry feels that numerous cases were brought hastily as a result of pressure from Congressional committees. Certainly, it appears that some of the suits contradict each other.

It also appears to spokesmen for the industry that the industry has unfortunately been caught in the political cross-fire with a Democratic controlled Congress and a Republican controlled executive branch of the government.

A Display of Courage

The Gulf Oil Company, with headquarters at Pittsburgh, has had the courage, through President W. K. Whiteford, to speak out at the asserted contraditions in the Department of Justice.

A grand jury in the Federal District Court at Alexandria, Va., 15 non-rush hour minutes from downtown Washington, last May handed down an indictment against 29 oil companies headquartered east of the Rocky Mountains. The indictment was issued just before the chief of the anti-trust division was called to testify before a Senate Judiciary Subcommittee headed by Senator O'Mahoney, Democrat of Wyoming.

The 29 companies (no individuals were indicted) were charged with illegally fixing, maintaining and stabilizing prices of crude oil and gasoline. Qualified people in the industry have expressed the opinion that the case will center primarily around charges that the oil industry followed "price leaders" in each marketing area, both in the setting of crude oil prices and refined product prices.

The oil companies won the first round in the case that may be long drawn out. The companies moved and were granted the right to have the case transferred from Alexandria to Tulsa, Okla., which is nearer the home offices of most of the companies than metropolitan Washington.

The initial victory for the oil companies in getting the case moved away from the Washington area certainly did not hurt the companies. Most people in the Washington area depend on the Federal Government for their livelihood. Many thousands are also on Federal Government pensions.

Fight Against Depletion Law

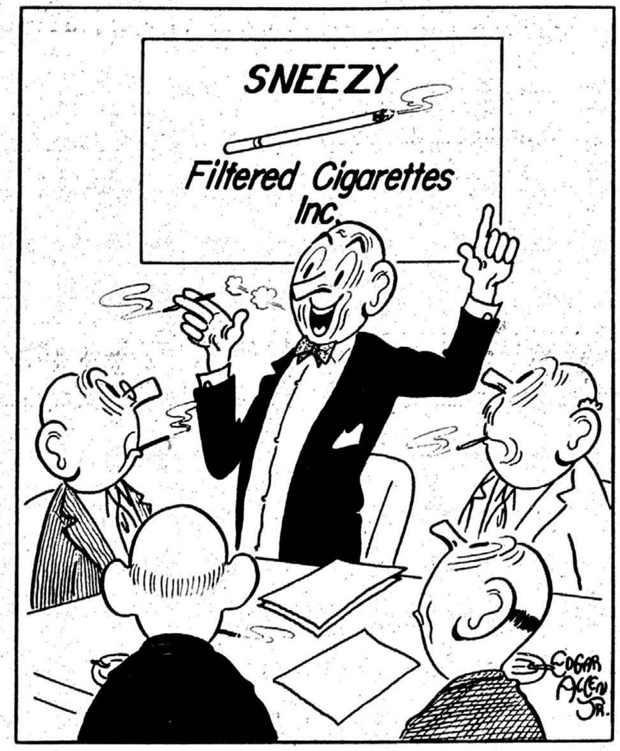
The oil companies may or may not win in Tulsa. However, a jury in Oklahoma should know more about the problems of the oil industry than a jury from the Washington area. Unfortunately for the oil industry, there is substantial unfavorable sentiment against oil companies, particularly from the liberal wing of Congress, some people in the executive branch of the government, and some members of the press corps.

It is almost certain that the liberal wing in the 86th Congress is going to make a strong effort to repeal or reduce the depletion allowance on oil and natural gas and other minerals. It is hoped and believed by some members of Congress from the oil and gas states that Senate Majority Leader Lyndon B. Johnson of Texas, and House Speaker Sam Rayburn, also of Texas, might be able to keep some controls on the liberal members.

The trouble is the conservative Democrats in Congress have been "weakened" by the Nov. 4 general election of so many more new Democrats from the North, East and West. Of course, not all of the Democrats from the South are conservatives, but a great majority of them are conservative on most things in Congress, and most of the Southern members would likely vote to retain the depletion allowance, which is necessary in the constant and highly speculative search for new oil and gas reserves.

[*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've got it! Add another filter to filter the filter!"

Coast Exchange Ticker Service Expanding

Pacific Coast Stock Exchange's ticker network continues to expand at an ever-increasing rate. Each month since last April when the Exchange began operating its own ticker service the growth has been outstanding.

Today this fast growing network will continue its rapid spread by crossing the Oregon line for the first time with the installation of its tickers in Portland, Medford, Eugene and Salem. These tickers will automatically key these Oregon cities to the minute by minute changes in the 550 stocks traded on the Pacific Coast Stock Exchange.

This invasion of the Northwest will be followed closely by another expansive move of major importance when Pacific's network will cross the Rocky Mountains and install its first ticker in the City of Denver giving to the mile high city a direct link with the securities market that is serving the dynamic and growing West.

Other recent cities where Pacific's tickers have been ordered and or installed include Bakersfield, Beverly Hills, Long Beach, Los Angeles, Palm Springs, Riverside, Sacramento, Santa Ana, Sherman Oaks, Stockton, Ukiah, San Francisco (Chinatown) and Corona Del Mar.

Since Pacific began operating its own ticker service last April there have been 26 new tickers installed making a total of 87 tickers now in operation or ordered in the offices of its member films. It is the largest regional securities exchange ticker service network in existence.

This demand for Pacific's ticker service is attributed to a greatly improved product and the vastly broader and more fluid markets as created by the consolidation of the Los Angeles and San Francisco Stock Exchanges into Pacific Coast Stock Exchange in January of 1957. Evidence of this more fluid and broader market has been demonstrated by Pacific's record breaking all-time series of monthly highs in both dollar volume and share volume during the first 10 months of 1958.

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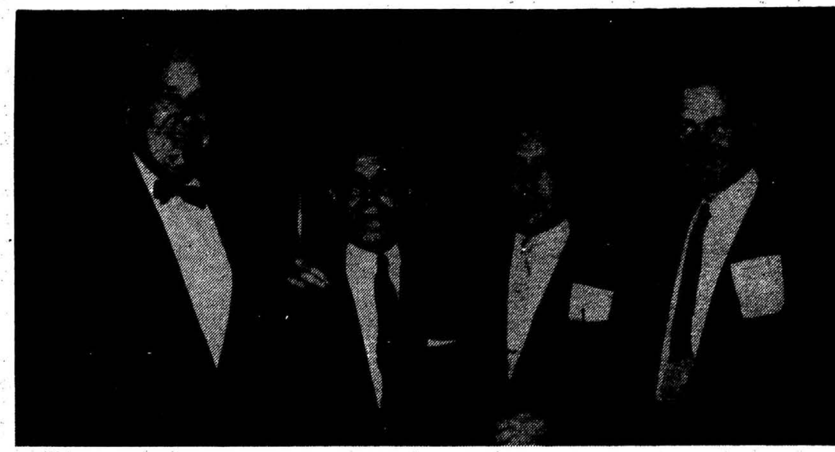

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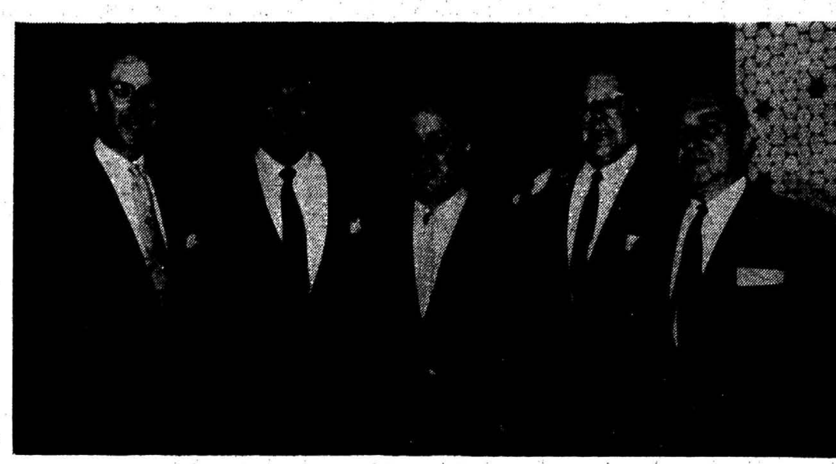

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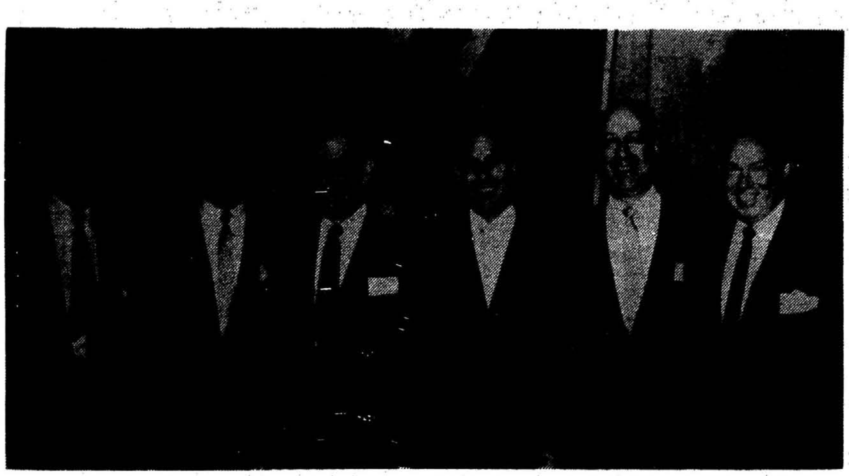

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