Some Reflections on a Tour Of Duty in Washington

By DR. GABRIEL HAUGE*

Chairman, Manufacturers Trust Co., New York City
Ex-Special Asst., for Economic Affairs to Pres. Eisenhower

Reflections of the nation’s economic scene based on five and one-half years at White House economist is voiced by Dr. Hauge for the benefit of economists. He discusses such topics as: (1) non-economic considerations in reaching public policy decisions; (2) need to emphasize anti-recession policies and to remove obstacles to achieving a good growth rate; (3) budgetary procedural reform; and (4) urgency for further basic analysis—economics of deficits in a cold war, incidence of taxes and value of fiscal-tax policy, wage-cost-price spiral, and growth of underdeveloped lands.

In drawing upon my own recently concluded experience to comment on the role of economic analysis in public policy, I do so with the full knowledge that the economist’s view is rooted in his own life and in the experience and reflexes of course, various conceptions to which each of us is subject in turn. But perhaps even more to the forefront is the awareness of my Federal Government work to make visible to the administration the accumulation of experiences available to economists and statisticians. By this process of evaluating our experiences, the chances of making the future better than the past are enhanced. On one thing we are assured: we must always strive to do better. Here then, are a few general comments that I would like to submit.

I: The role of professional economists and statisticians in Washington today is an increasingly recognized and effective one. Economics is still concerned—with apologies. Continued on page 21


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The Security I Like Best

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(Gerard M. Loeb, Author, "The Big Three: Investment Survival"
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Chrysler has gone nineteen-nine, the Big Three a bit of the old again. The evidence is everywhere.

A close watch on the market in the near future would be wise.

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The stock, which in 1952 was sixteenth on the list of the major stocks, is now at the top. The equity in Chrysler is now backed up by a record of sales and profits that are improving. In 1957, the company made $1.18 a share, the highest profit in its history.

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By ERNEST R. BRECHT

Industrialists find almost unbelievable the swift industrial development and cost advantages in foreign countries which, he finds, threaten both the overseas and domestic markets of American industry. Recently returned from a trip to Europe, Mr. Brecht observes we no longer are superior in capital investment, managerial methods and economics of scale, and, thus, the wage differential is becoming increasingly significant.

Predictions of competition from American auto giants if the cost disadvantage continues to increase, the Ford Chairman recommends steps to keep our costs competitive, recommends foreign barriers to our products be lowered, and urges we halt inflationary trend and inflationary wage increases.

I have just returned from a brief six-week tour of Europe in which I tried to find out all I could about developments in our own auto industries and in the European scene. Never again will I let four years elapse between trips. Any who have been abroad recently can attest, things are happening so unbelievably fast that the old Europe is hardly recognizable. There is tremendous new strength and growth in the European economy. More countries are enjoying greater national solvency than in decades. There is substantially higher pay abroad. Living standards are climbing swiftly, and the harbinger of our former gloom and despair is the new spirit of confidence and optimism.

As a result of these developments a new European National Product is emerging—an 88% increase compared to our 46%. As a manufacturer of automobiles, I was most impressed by the tremendous picking up of production throughout Europe in the design, manufacture and merchandising of automobiles and consumer durable goods. They have read some pages from our book, and what begins to look as if maybe they have been learning almost too well! Europeans have a great awareness today of the economics of scale, and they are fast integrating much of their heavy industry. Scarcely a day passes that you do not hear of new mergers, new joining of once small, high-cost companies into bigger and more viable units.

You find a single automobile plants producing as many as 2,500 engines and 2,000 or more bodies daily—levels of production that compare favorably with operations here in the United States.

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The recovery in trade and industry which set in in the third quarter of last year continues in evidence in most countries encouraging in the months ahead, despite such disturbing factors as a possible recession in Japan and the large volume of government production, growing out of such labor disputes, together with the competition for world markets.

In face of such problems, business leaders in their public utterances continue to hope for a gradual, rather than from being optimistically in their predictions.

Some of the bright spots in the outlook include growing up industry which, according to "The Iron Age," is tightening up in the Midwest and in the strength of the market is spreading to all parts of the country. The State of Trade and Industry.

The State of Trade and Industry

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German Experiences with Inflation

By LUDWIG ROSENBERG

Member, Executive Committee of the German Iron and Steel Institute

We may see in depth the process as well as the destructiveness of his country's two unusual inflations since W. 1, a German labor leader analyzes various factors and forces which are said to cause inflationary tendencies to have gotten out of control. Rosenb. 

Rosenberg, who was called "the State that creates inflation. It is the State that can prevent it." He, thus, places direct responsibility for inflation on government, and emphasizes the fundamental obligations that people must assume in a free society. The labor economist argues against controls over free enterprise, prices and wages, and develops the question why wages cannot be held responsible for Germany's inflation.

I am in a position to convey to you something of an experience which is fortunately unknown to you and your country: the experience of hav- ing actually lived through various periods of real inflation.

May I express the hope that you will always be as fortunate as I to be forced to invite people from abroad to have some idea of the situation that is prevailing in Germany. May I also express the hope that you will always be as fortunate as I to be forced to invite people from abroad to have some idea of the situation that is prevailing in Germany.

From my perspective, the most important of these experiences was the inflation that took place in Germany in 1919-1923. In Germany, the inflation was not caused by an increase in the supply of money. It was caused by the fact that the government wanted to create inflation in order to defraud its creditors. The government wanted to create inflation in order to defraud its creditors.

The term "inflation" is very often used to describe very different situations. In general, people are used to call inflation all developments which lead to a decrease in the purchasing power of money. As far as this definition goes, it might be correct to say that all development inflation is in spite of the fact that a devaluation of purchasing power of money is really a natural and not the actual characteristic of inflation.

Inflation means to swell—to inflate—and it is really the swelling of the price level of goods and services and the swelling of the circulation of money which characterizes the process, which we call inflation.

Other developments which also lead to a rise in prices, such as increased purchasing power of money might finally create a situation where the temptation to create money volume of money becomes increasing. In such a situation, the government might independently prepare for a path to a free currency market and consider to themselves they are not a real inflation.

We are used to call such developments "inflation trends" but we should be constantly aware of the fact that these trends must not lead to real inflation—that there is no automatic mechanism by which inflation can be stopped and—as I said already—it is in the hands of men to control, to direct and to avoid any undesirable developments.

These inflationary trends are a constant and slowly progressing devaluation of purchasing power which is often directly followed by a consequence of an expansive economic policy. It is an increase of productivity which is connected with it. There must be a reason why the government believed that full employment also was one of the reasons why inflation as such development was opposed. The Modern Economic Science, however, has shown that it is not the case. Experience has proved them wrong.

Here, on the subject of inflation, I will first of all restrict myself to the question of whether or not there is some actual swelling of the amount of money circulating and the consequence of this swelling on the speed of cir-

ulation. I will attempt to accept "inflation" if it is obvious that in the economic reality inflation can only be accepted if it is caused by the State. In one way or another it is caused by the State or the public and manipulated by the authorities. The volume of the money supply, that is "inflated" this volume supply, the inflation, and as a consequence of which, all or some of the effects of such swelling will be felt by the government of the country.

Germany in 1919-1923

In Germany we had twice the experience of such inflation. The first period was from 1919 to 1921, and the second period was from 1921 to 1923.

It was the first gigantic experience of real inflation in a modern economy. There was no example of such massive inflation as the inflation in Germany in 1919-1923. Nobody in the world, not even the decision makers in the State nor the population had any experience of the last war had been so extreme and no one did not know of any effective measures to stop the inflation.

Thus the catastrophe of a complete destruction of the value of a currency was similar to the unseizable fate of an old Greek tragedy, really even more so when the Gods were against us. In a breathing and never increasing speed the Mark fell to 240,000,000,000 Marks reduced to finally 5 Mark at a level which was expressed in astronomical figures.

The value of the U.S.-Dollar expressed in the Mark showed clearly this extraordinary development.

When World War I started I in 1914 one dollar was worth 4.16 Marks. When the war ended in 1918 it was worth 8 Marks. In January 1921, it was worth 137 Marks and in July 1922 it was worth 6,750 Marks.

Inflation, the increase in the price level, inflation, a constant but still limited and controlled swelling of the volume of circulation of money by the State during the war and as a consequence of the demand for money. The inflation actually had already started—but it was not yet generalized, not inflated, and

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January 1, 1959
In this start-of-the-year look at the stock market we are foregoing our customary confinement to a mere un-editorialized listing of an equal number of bullish and bearish factors. Instead we will depict some of the attributes seemingly to us to be most importantly characteristic of this peak market status. Our readers, along with the public, will no doubt apply their own respective bullish or bearish interpretations, if too often following the crowd's psychology of the time.

Moreover we propose giving only negligible weight to the external non-market factors, since their interpretation market-wise by the community is geared to the current atmosphere, and should be utilized to fit the market's movement. Thus, for example, the possibility of stepped-up war tension, now overlooked midst the market’s upward surge, will.at next year-end be still interpreted as economically stimulating if the market is up. But, should the market have meanwhile fallen, the identical news will be spoken of as of course bearish because of restrictions and the threat to capitalism.

Similarly, an easing of international tension, with a reduction of defense spending, will likewise entail a double standard of interpretation market-wise. It would, on the one hand, serve to "explain" a bull market movement (after the event) since “peace of course is bullish”; or in reversal, a logical conviction, as conversely interpreted as deflationary in the event of an intervening market decline.

At this time particularly, the crucial determinants of imminent market movements essentially lie within the market itself, and its attendant psychology. Rampant is a fast growing crop of boom foibles, together with their debt rationalizations by some individuals who are inclined to worry over the excesses.

The Flight From Value
Basic in the present stock boom atmosphere is the public's quite complete foresaking of value consideration. In "thought," "policy," and action it has in one way or another gone whole hog after the capital gain — a respectable term for making a fast buck. Good example is a complete abdication of the investor from concern with income and return. Before 1920, both at some of the quantitative manifestations of the market, we may note "quantification" in the currently low yields — now down to 3 1/4%, on the 500 highest bond in the Poor's index; a year ago they were 4 1/2% (average shucker enough). Totally significant is the substantial disparity between this 3 1/4% return satisfying equity holders and the 4 1/2% available from Moody's triple A bonds.

The "expanded" valuation of common stocks demonstrated "quantitatively" in these yields, along with high price-earnings ratios (even after allowing for future growth or recovery-from-recession earnings), superficially appealing to the mutual-asset items, and zooming market advances; seeming a variety of psychological excesses.

Eager-Beaverism in Respecting the Common Stock
While long-term rise in the asset market is generally shared both by itself and in relation to bonds, has, in low world-wide experience, been in order, we are now perhaps too far from the "early days" to be considering stock. Note such items as the mutual funds, now at all time peaks; the increased devotion of other people to the common stock. Including investing funds who together with other trust entities are fractionally raising their portfolios’ stock-proportion ceilings; the mounting appeal, and, initial adoption of the Variable Annuity technique by the investment companies. These return to dependence on stock for the future therefore, on the part of others are undoubtedly fueling the avid appetite for the market services of various kinds, highlighted by the money and effort expended in their profitable promotion.

New Trek to the Wall Street Mecca
Auxiliary to the public's appeal for the common stock, is its growing attraction for the securities business. Particularly alarming (and specifically reminiscent of the Nineteen Twenties) is the greener appearance of the Wall Street field, with an exodus to that mecca of easy money from occupations ranging from the tough textile business to magazine editing; and with bankers generally switch-hitting to market-advising and fund-providing, a virtual fulfillment of the traditional insurance peddling and filling stations. And, again to the barber shop, but to the market, is the stock-selection, now imported to clients resting without much ground of mutual fund peddlers on this shop wall. (This adjoining loaf, the 1920 goal, seems to be still unimpressed.)

The Inflation Psychosis—Market Balwark Number One
Perhaps most importantly supporting the hunger for stock "New Easy" is the rampant Inflation Psychology, ignoring the past cyclical course of the general price level and its actual impact on the stock market. This over-emphasis on spurring-and-"inflation" as a market factor, routinely muddled in practically every piece of market literature, feeds the popular distaste for bonds evidenced in the above cited disparity in the bond-stock yield ratio.

"New Era"-type thinking has spilled over into rationalizing the changed status of business as a market support. Thus, one of looking at something in the great bull market, hails the "supposed" "inflation-proof" non-cyclical commodity.

Building the Market Pyramid
There are of course a variety of specific factors promoting the market's fast rise; the capital gains tax freezes many investors into stocks on which enormous paper profits have accumulated. Again, positionings of stocks by the "champions" of the market—aside from price-earnings ratios, that will determine secondary attractiveness of the new "growth chips" by the glamorized public is the competitive, flight into the same rame issues.

All this feeds that age-old folklore about "scarce value," characteristic, of boom in all fields. Here of the financial, the "good stocks are cheap at any price." Only a thin veneer, however, is involved in the Split mania, which holds that a splittable price attaches the "good" value to a stock—"the higher the cheaper." Surely much of the present pie-in-the-sky attitude is nastily reminiscent of stars deliberately propagated in the 1920's via the best-selling bible, Edgar Lawrence Warner that "all stocks are good stocks as Long-Term Investment." Only the bulls can realize that the long-playing Mr. Smith, seeing his portfolio over-liquidated, himself tumbling into a three months before the October 1929 unpleasantries.

Behind That "Confidence" Posture
Before you become immovably regimented into that posture of "Confidence" (the popularly acquired basis of the fantastic multipliers making the market or conference or price-earnings ratios), you might ponder over just a few of the ponderable.

How is the new additionally liberalized Congress going to affect business (including the now tax-undowered oil companies?)
Will there be an assault on corporate earnings—perhaps from the popular appeal of the great bull market, hails the "supposed" "inflation-proof" non-cyclical commodity.

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Motorola: A Mature and Resurgent Electronic Equity
By DR. IRA U. COBLEIGH
Enterprise Economist

Containing some notes on the magnitude of the market in entertainment electronics, together with some favorable current comment on Motorola, Inc.

You can manage to keep fairly well and informed and entertained in America today even though you can't read or write. This statement is not an argument against literacy but merely a rather stark observation drawn from the fact that in many stable communities, we have more TV sets than both labs and telephones. Some of our children spend 10 or 12 hours each week facing the 50 million TV sets existing in our "affluent society" and there is a broad segment of public opinion holding that television has misdirected its obvious educational opportunities.

However that may be, we have a vast TV industry with all the educational and non-commercial channels. And radio, far from languishing on the vine, now dominates our nation with 3,850 stations.

All of which is the product of, and nurtured by, a vast entertainment electronics industry led by Radio Corp. of America, Columbia Broadcasting, Philco, Zenith, and our topic for discussion today, Motorola, Inc.

Adversely Affected in 1958
Motorola is earliest remembered for the millions of radios it has manufactured and distributed over the years for use in motor cars. This business is still very important to the company and Motorola today supplies the auto radio sets delivered in new Ford, Chrysler, and American Motors' models. In addition, of course, it does a very substantial volume in parts and units for older cars of all makes. Naturally this business depends heavily on conditions in the motor industry; and with the disappointing car sales in 1958 (4,200,000 units), Motorola earnings from this division fell off sharply. Not only was the motor car trade poor in 1958, but the sales of clock, and portable radio units were sharply reduced by the severe recession in durable consumer goods.

In television sets the story was much the same, due to price adjustments in swollen inventory, and a lower level of profitability. Motorola is a major maker of complete line of TV sets, with an established reputation for quality of product, which it now backs with a full year's warranty—believed to be the only one, or warranty in the business today. With thousands of TV set users bent on "snow," "fuzzers," and fadeouts, resulting in expensive repair charges, this company guaranty by Motorola is proving a most persuasive sales argument.

Stereoscopic Phonograph
While TV and radio sales were on the sogggy side in 1958, there was a very bright spot in the stereophonic reproduction field of entertainment electronics—lo to, Hi-Fi. Motorola was among the first to enter this market with stereophonic photographs in 1958. Opening in modest way in July, with a portable three-piece stereo set, priced at $195.95, the Motorola "affluent" sets have been happy to settle for a sale. In 1958, 16,000 units. Actually, however, the model really struck pay dirt and over 7,000 sets were sold, and a healthy backlog built up for 1959. The whole Motorola management feels that "stereo" is the hottest thing in the whole industry, and believes that fancy sets costing up to $5,000 can find eager buyers. However, the tone of Motorola will be heavily slanted toward stereo this year, and Executive Vice-President Edwin A. Taylor, expects industry-wide recognition in 1959 of the superiority of 750,000 units in 1958 to well over 3,000,000 this year.

Consumer Gloom (the TV, radio and Hi-Fi items) account for about half of Motorola's sales. Another half comes from transistors, semiconductor devices, and military electronics. In two-way mobile communications Motorola is the recognized leader, doing more than half of the sales of their products. The radio division has been greatly expanded most recently by removal of the Federal Communications Commission and radio controlled traffic light systems, operated by microwave, are being used in 76 communities.

Military electronics account for over 20% of Motorola sales and includes many items vital to aviation, rocket and missile programs. In fact, production by Motorola of equipment, missile guidance systems, airborne radar, radar beacons and ground communication systems.

The Profitable Transistor
One of the most rapidly growing segments of the electronics industry is in semiconductors, the principal of which is the transistor. Motorola has been hard at work, both at the research development and production levels, in the field of the transistor since 1947. Consequently, as Motorola increased, in 1958, by 100% over 1957, but is just beginning to get into the profit column. A transistor plant at Phoenix, Arizona, is slated for operation next year, this year, doubling present facilities, and adding a way to a significant contribution to the net profit in the latter months. Motorola has, of course, a large "captive" market for transistors and the latest postwar model, the 14-inch battery operated, transistor set (announced last summer) should add millions to the demand for semiconductor. Motorola hopes to be able to make this mass produce this model at a popular price a year hence.

The forecast in swift outline, catalogs the product-mix at Motorola with its "affluent" sets at the top, new battery operated transistor sets, and the hottest "stereo". "What about earnings and prospects?"

The Earnings Picture
The first three quarters of 1958 were, admittedly, on the dreary side. This nine month period produced sales of $137 million, and a per share net of $1.85, as against $228 million in sales and $4.04 per share in net earnings a year ago. Since September, however, a sharp turnaround occurred and a resurgent fourth quarter will probably carry the sales total, for the year, to a figure of about $500,000,000 in excess of $1.50,000,000 and generate a per share earnings in excess of $1.50 per share. All of which suggests that the recent buying interest in Motorola common stems from a belief that the company has overcome its own particular recession, and that a time is ripe for the company to be listened to seriously well below a year ago, and a strongly rising sales and earnings picture to prosper handsomely in 1959. The President, Mr. Robert C. Job, has been quoted quite recently as saying: "Our cost cutting plan is just now beginning to yield a harvest as production schedules turn upward." It is paying off where stockholders like it best—highest net profits per roll of sales.

Personal Investments
Capitalization of Motorola is quite simple: $19 million in long-term debt and $22 million in common shares. The top officers of Motorola certainly believe in their company, with about 53% of the equity held within the families of the President and the Board Chairman. It is known to stockholders that they believe Motorola.

Financial position of Motorola is excellent with net working capital running above $40 million—easily ample for financing the many sales expansion plans in the year. From a market value of $75 a share in 1958, upward to $115 in early 1959, and back down, the present level of $85 is still a gain of 50% from this year's low of $56. Stockholders are now not only recouping all dividends, but are also receiving a good dividend yield. The future, of course, is another matter.

Sensible Prices
Marketable MOL is more sensibly priced than most electronics. Many sell at as low as $25 times earnings, while MOL sells at only 19 times its current net. MOL compares favorably on a price-sales ratio, and does earn $4.50 this year, the indicated market quotation would be above 80. Market range in the past six years has been 25 to 165.

In the intensive selective search where prudent investors are now present, Motorola shows promise of real value and has not taken off on gaudy flights of fancy like some other firms. If Motorola, Inc. may merit a detailed analysis. You might, for instance, like to compare MOL with International Telephone, another electronics issue in the same price range.

Happy New Year—and may all your stocks be IBMs.

State Street Research Admits Bowser & Wade

BOSTON, Mass.—Richard L. Bowser and Dudley F. Wade have become partners in the State Street Research & Management Company, investment managers of the State Street Investment Corporation and Harvard College, Mr. Bowser is former president of State Street from 1943 until 1956. Mr. Wade has also been with State Street since 1951, and is a partner in the state Street Research & Management Company. The partners are Paul C. Engel, Richard C. Palme, Richard Saltonstall, Stephen Heard, William F. Means, Charles C. Bennett and Allan T. Burns.

We are pleased to announce the election of

Mr. William R. Torgersen
as a Vice President

and

Mr. Warren J. Oltmanns
as Secretary of this Corporation

CHAS. E. WEIGOLD & CO.
INCORPORATED
40 WALL STREET, NEW YORK

January 2, 1959

SUTRO & CO., announces that

SINDEY L. SCHWARTZ
for many years our Senior Partner has become a Limited Partner

JOHN C. HOYT
has been admitted as a General Partner in our office, with headquarters in Philadelphia, Pennsylvania and New York City.

MAURICE SCHWARZ, JR.
has been admitted as a Resident Partner in our Beverly Hills, California office.

SAN FRANCISCO • LOS ANGELES • NEW YORK
SUNOCO • BEVERLY HILLS • HAYWARD

Members
New York Stock Exchange • Pacific Coast Stock Exchange
American Stock Exchange (Associate)
$200,000,000

Power Authority of the State of New York

General Revenue Bonds, Series E

Interest exempt, in the opinion of Messrs. Hawkins, Delafield & Wood and of Messrs. Sullivan, Donovan, Hannahan, McGovern & Lane, bond counsel to the Authority and to the Underwriters, respectively, under the existing statute and court decisions from Federal income taxes, and under existing statutes from New York State income tax.

$168,000,000 4.20% Bonds, due January 1, 2006
Price 100%

$32,000,000 3.75% Serial Bonds

<table>
<thead>
<tr>
<th>Principal amount</th>
<th>Due</th>
<th>Price or yield</th>
<th>Principal amount</th>
<th>Due</th>
<th>Price or yield</th>
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<td>$1,725,000</td>
<td>1965</td>
<td>3.20%</td>
<td>$2,325,000</td>
<td>1972</td>
<td>100</td>
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<td>2,000,000</td>
<td>1966</td>
<td>3.30%</td>
<td>2,625,000</td>
<td>1973</td>
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<td>2,175,000</td>
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<td>3.50%</td>
<td>2,850,000</td>
<td>1975</td>
<td>3.90%</td>
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<td>2,250,000</td>
<td>1969</td>
<td>3.60%</td>
<td>2,950,000</td>
<td>1976</td>
<td>3.90%</td>
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<tr>
<td>2,350,000</td>
<td>1970</td>
<td>3.70%</td>
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<td>100</td>
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<td>2,425,000</td>
<td>1971</td>
<td>3.90%</td>
<td>3,075,000</td>
<td>1977</td>
<td>3.90%</td>
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</table>

Accrued interest from January 1, 1959 is to be added to the prices.

The Bonds are subject to redemption, as a whole or in part, at any time on and after January 1, 1970, as set forth in the Authority's Official Statement.

Copies of the Circular dated January 5, 1959, which contains further information, including the Official Statement of the Authority, may be obtained from each of the underwriters or registered dealers in securities in this State. The underwriters are as follows:


Blyth & Co., Inc. Drexel & Co. Eastman Dillon, Union Securities & Co. The First Boston Corporation


Phelps, Fenn & Co. Reynolds & Co. Shields & Company


**From Washington**

**Ahead of the News**

**By CARLISLE BARGERON**

Movements in both Houses against the Republican leadership show the result of Republi-
can, in view of their small leadership. It doesn’t make
much dif-
ter who leads them. They are
bitter, though, about their
defeat in November
and they
must take it on somebody.

The idea of wanting to
place
Dickerson
with a “liberal” is ridicu-
ulous on its face. It is true that he was
not
defeated,
but
he
has
never
in the Chicago
convention in 1882, bidding
Dewey not to “lead us to the
end” of
nothing.
Several times after Dewey
at
himself.

Carlisle Bargeron

---


Granite City Steel—Analysis—Reynolds & Co., 120 Broadway, New York 3, N.Y. Also available is a report on Sanborn Companies.

International Shoe Co.—Memorandum—H. Hontz & Co., 72 Wall Street, New York 5, N.Y.


Newport News Shipbuilding & Drydock Co.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N.Y.


Parker Hannifin—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N.Y.

Parker Hannifin Corporation—Analysis—Hayden, Stone & Co., 25 Broadway, New York 4, N.Y. Also in the same issue are data on Ford Motors, Rich-
feld Stock, and National Bureau & Co. and a memorandum on Northern States Power Co.


Turkington & Company—Memorandum—Simmons & Co., 56 Beaver Street, New York 5, N.Y.


Van Raalte Company, Inc.—Report of talk by the President before the New York Society of Security Analysts—Peter P. McDermott & Co., 42 Broadway, New York 4, N.Y. Also available is report on National Vulcanized Fibre.

Waukesha Motor Company—Report—Lewii & Co. Incorpora-

Also available is a report on Lakeside Laboratories, Inc.


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Edwin L. Beck, c/o Chronicle, 25 Park Pl., N.Y. 7
French funds not only from New York but also from London where French holders sold South African gold mining shares. But most French holders of funds abroad prefer to sit on the fence and await the effect of removal of foreign exchange controls. The policy of letting it be no means certain how the French trade unions will react to the drastic measures adopted by the government in order to safeguard the franc at its present devaluation rate. There is an outcry against the effect of the devaluation rate on the cost of living and against the removal of food subsidies. On the other hand, the government has also adopted measures against the middle classes and the wealthier classes, so that the mass of workers have no genuine grievance. As France, in Britain and the United States, have been thoroughly panicked and spoiled during the past war period. They consider it to be their privilege to be exempted from any sacrifice necessary to the national interest. It remains to be seen whether under the pressure of public opinion, which is behind General de Gaulle, the French trade unions will adopt a reasonable attitude. If not, a series of strikes and enforced wage demands might nullify the beneficial effects of the changes and might worsen the situation. It is premature to say that French holders of foreign balances are not likely to repatriate their funds on a really large scale.

The full effect of convertibility on sterling is likely to be delayed by uncertainty of election prospects. It is true, the type of convertibility has been owned by Mr. Gaullist, while criticizing the return to convertibility, declared any intention to reverse the change if a Labor Government should assume office. This undertaking is, however, in conflict with the frequently repeated declaration of Socialist intention to strengthen exchange restrictions. In any case should there be a change of government, the ensuing flight from sterling would force Mr. Gaullist's hand to suspend convertibility regardless of his present intentions.

Blockages About "Hot Money" Inflow

The prospects of an inflow of foreign balances as a result of convertibility are viewed with misgivings in many quarters where it is realized that the strength of sterling resulting from such influx of "hot money" is liable to become reversed at any moment and is therefore an additional source of potential weakness.

Moreover, while the influx continues it will obviates the necessity for resisting inflation, because the demand for sterling resulting from the influx will tend to offset the adverse effect of inflation on the balance of payments. Taking the long view, it is therefore probable the Britain stands to lose rather than gain through such influx of funds.

Brown & Winfield V.Ps. of A. G. Becker & Co.

CHICAGO, III. — Roger O. Brown and Robert C. Winfield have been elected vice-presidents of A. G. Becker & Co. Incorpor¬rated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Now with Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Paul H. Delowker is now with Dempsey-Tegeler & Co., 210 West Seventh Street. He was formerly with Walsen & Co., Inc., and Lester, Byrons & Co.

M. M. F. Co. (Continental)

Statement of Condition, December 31, 1958

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>DOLLARS</th>
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<tr>
<td>Cash and Due from Banks</td>
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<td>U. S. Government Securities</td>
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<td>U. S. Government Insured F. H. A. Mortgages</td>
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<td>State, Municipal and Public Securities</td>
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<td>Other Securities</td>
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<td>Loans, Bills Purchased and Bankers' Acceptances</td>
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<td>Mortgages</td>
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<td>Banking Houses and Equipment</td>
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<td>Customers' Liability for Acceptances</td>
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<td>Accrued Interest and Other Resources</td>
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<tr>
<td></td>
<td>$3,654,044,628</td>
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<table>
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<tr>
<th>LIABILITIES</th>
<th>DOLLARS</th>
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<td>Capital (5,039,000 shares — $10 par)</td>
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<td>Surplus</td>
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<tr>
<td>Undivided Profits</td>
<td>71,113,502</td>
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<td>Reserves for Possible Loan Losses</td>
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<td>Reserves for Taxes, Unearned Discount, Interest, etc.</td>
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<td>Dividend Payable January 15, 1959</td>
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<td>Outstanding Acceptances</td>
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<td>Liability as Endorser on Acceptances and Foreign Bills</td>
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<td>Other Liabilities</td>
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<td>Deposits</td>
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<td></td>
<td>$3,654,044,628</td>
</tr>
</tbody>
</table>

* Applicable to cover such future loan losses as may develop. None are at present known.

History of Manufacturers Trust Company

Manufacturers Trust Company

Head Office: 44 Wall Street, New York

114 OFFICES IN GREATER NEW YORK

(MANUFACTURERS TRUST COMPANY)

Volume 128 Number 5010 The Commerical and Financial Chronicle
Stopping Extravagant Programs In Agriculture and Elsewhere

By HON. CLINTON P. ANDERSON (D. N. M.)*
Senator, United States Congress

Former Agriculture Secretary proposes Congress slash about $5 billion from the Agriculture Department's budget next year at an economic cost at ending deficit financing and achieving a stable dollar. Moreover, he also recommends that Congress adopt a procedure whereby appropriation bills would be automatically reduced if their total exceeds anticipated Federal revenues. Sen. Anderson would, further, cut $2 billion from Foreign Aid Program, and warns farmers who believe price support and soil bank programs can continue indefinately they are "living in a fool's paradise."

Here are some words not dis¬
re¬
pected a future program or policy but things that I may think because of my mem¬
bership on the Senate Com¬
mittee on Finan¬
cing. Twice in a year we have had the author¬
ity of the Treasury Secretary before the Senate Finance Committee asking for authorization of legislation which would permit the national debt to be increased. We visualized it going from $274 mil¬
lion to $328 billion and it is now over $280 billion and on its way upward.

We are in the fiscal year in which the anticipated deficit will be $32 billion and we see ahead of us at least one and possibly two more years before that budget can be brought into balance. The probability is that the next Congress will be asked to increase the national debt authorization to $300 billion. No member of the bank¬
ning fraternity, the Agriculture community, the laboring groups, the manufacturing interests, or the common garden variety of public officials, can look at that steadily mounting debt without apprehension.

Suggests Formula to Cut Spending

Every year our dollar erodes a little more. We are not going to stop the dilution or ero¬
sion of the dollar until we bring our budget into balance. We are not going to bring our budget into balance until we try to control spending department by department. I propose to impose some over-all ceilings for annual spending beyond which we will not go without raising the accompanying revenues. I support and have supported the proposal to make the passage of all appropriation bills tentative, then total that up when the Congress has finished its work, and if they exceed the amount of the receipts we will in¬
try to reduce them to bring them into balance with expected receipts. I would favor a provision that would either automatically reduce appropriation to the level of anticipated revenues or require the Congress, by a four or three-fourths affirmative vote, to decide that it was needed to continue deficit spending.

Immediately that would bring some general program costs into review. It would result, in my opinion, in lopping off at least $2 billion of useless items which I think would be a good thing. It could not of course, reduce the constantly mounting figure of interest we have to pay on the na¬
tional debt which would not reduce the amount of payments we make to veterans and retired Civil Service workers, nor could it reduce a whole host of expenditures for essential government services. But I say it would quickly bring programs under review, and one of them that I think is most vulner¬
able of all would be our agricultural spending.

The election is over and some agriculture figures can now be cited without political overtones. In fiscal year 1952-53, the total Federal Department of Agriculture expenditures were $2,050,000,000. That was against realized farm income in 1953 of $3,860,000,000, so that spending in the Depart¬
ment of Agriculture was about at the rate of 26% of the income to farmers received. I know that that is not really any tie between them, but every time the farmer took a dollar in the Department of Agriculture was spending 20 cents.

During this fiscal year, the Depart¬
ment of Agriculture will spend $6,900,000,000, and during this calendar year farm net in¬
come will run about $3,800,000,000. So this year every time the farmer takes a dollar the Depart¬
ment of Agriculture is spending 20 cents. We have allowed this spending to jump from 20 to 53 cents by farm programs which I think do not justify these costs.

Shocked at Rising Farm Spending

I am not making any claim for superior intelligence on the part of any political party. I do say that I supervised the spending of lots of money in the Department of Agriculture at one time, and I am shocked when I see the level that agriculture spending is now reaching.

While I was dictating this paper I received the Nov. 17th issue of the American Farm Bureau Fed¬
eration's official newsletter. On page 184, the back sheet of a four-page paper, there is a story headed: "1959 Conservation Re¬
servation Applications Exceed Goals." That story told how farmers have signed applications for 1959 con¬
servation practices and programs of the Soil Bank which offer more acreage than is provided by the govenment in the states and nationally. For the year these applications would call for putting more than 29 million acres in the reserve. The Department of Agra¬
iculture had set up a national goal for the 1959 sign-up of 12.5 mil¬
lion acres.

The news story pointed out that if all the farmers who signed the applications were offered con¬
tracts by the County Agricultural Stabilization and Conservation Committees, the first year of pre¬
scribers in annual payments would have to be more than the $295 million available for payments next year under new contracts. They made some rather quick calculations and I decided that if 12.5 million acres would use up $295 million, 20 million acres would cost $460 million. To that would be added $375 million already authorized by Congress to make annual payments under contracts signed in previous years. It is true that the Department can and probably will scale down these applications to the amount of the budget, but I wonder if that solves our problem.

The story of page 184 is the same newsletter in another column talks about wheat. It tells us that the wheat produc¬
tion which was running at the rate of 395 million bushels during the 1957-58 period reduced to 1,145 million bushels in 1958. We had an increase during the 1957-58 period. We had total wheat plantings that got up high as 75 million acres. We trimmed the wheat acreage by law to 55 mil¬
ion acres. The reason why we put this country up 5.3 million acres of wheat in the acreage re¬
servation of the Soil Bank and we still harvested in 1958 1,449 million bushels, a new all-time high.

What can we do with that mountain of wheat? It grows faster than we can get it away, and much faster than we can profit¬
ably store it or sell it. The article points out that the entire world trade in wheat amounted to only 1,156 million bushels in 1957-58. If we tried to sell that part of our 1958 harvest which is surplus to our domestic needs we would have to sell three out of every four bushels that moved in world trade. Do you believe that Canada, Australia and the Argentine intend to let us do that, even if our Russian friends were willing? There is no hope that we can market our wheat and yet we keep right on growing record crops even though our wheat-carry-over will reach 1.3 billion bushels next summer. Each year adds more and more, and soon the carry-over will reach a two or three billion bushel figure.

Congress Will Say No

Do you think Congress is going to stand idly by while that hap¬
pens?" The percentage of New Mexico population living in towns and cities we can cut half of the state's total in 1950 but by 1965 it will be 74%. Do any farmer think that a New Mexico representative in the Senate or the House on voting for agricultural programs which pile up wheat in warehouses away be¬
ond the needs of the domestic trade, far beyond the needs of the export trade, far beyond the requirements of relief programs,

The Commercial and Financial Chronicle . . . Thursday, January 8, 1959

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

Price 99%"\n
plus accrued interest from January 1, 1959

$75,000,000

C. I. T. Financial Corporation

4 5/8% Debentures, due January 1, 1979

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Smith, Barney & Co.

White, Weld & Co.

Spencer Trask & Co.

*From a talk by Sen. Anderson before the First Annual Farm and Livestock Market Forecast Conference, Lee Cranes, N. M.
and completely beyond the capacity of our warehouses to store! Do you think, the 9.8% scheduled to be in stock as of March 1 by 1965 can persuade Congressional representatives to the point of planning schemes to produce wheat for the treasury rather than the trade market? Any sense of the idea?

I say that any farmer who believes that these programs will go on without interruption and that meanwhile he will be paid fantastic prices for a little bit of his land out of cultivation in living in a Tool-Box always to be prepared is the quickest he realizes it the better off he will be.

It is of course some years ago that I had heard a fable. This fable told of a man in the middle part of this state who had the soil of several thousand acres of dry, farming land that he allowed to go for about $20.00 an acre. But along came his Uncle Sam with a new conservation reserve. So the latter divided his land into tracts of $40 an acre each and no money down. The new buyers were told they could put it in the conservation reserve and the government would pay them $900 an acre for 10 years, which would buy for the land and leave them one-third of the cost of the land for the annual income tax payments on the windfall operation. With $40 an acre in each unit, the payment would be within the $5,000 maximum.

Praises His Own Soil Bank Program

Now that may be only a fable. But if something like this were to be tried, we would all admit that such a scheme was not the purpose of the soil bank as advocated by the Secretary of Agriculture and the President of the United States, it certainly would not have been possible to have the soil bank proposal which I attempted to substitute to the White Agriculture Committee for the language offered by the Secretary of Agriculture. Such a proposal is indefensible, and if any such contracts are in use it would be a good time to bring them to a halt.

Would Drastically Cut Appropriations

I am not going to try to tell everybody what to do with our agriculture problem. I am only going to suggest that the operation of our agricultural programs ought to be on a sound basis, and the best way Congress can put them is to reduce the fiscal 1960 appropriation for the Department of Agriculture from six billion, nine hundred million, to a flat two billion dollars. That would serve notice on the Secretary that he must have some different plans, and let him come in with programs and a schedule of department expenditures which will stay within the two billion dollar figure because the Congress can't be expected to give him more. I think it is time to cut agricultural expenditures about $5 billion per year and when this is done other government department can trim their bills enough to bring us back to a balanced budget and a stable dollar.

I am going to be so bold as to suggest that if the banks feel a genuine interest in the success of the right kind of credit to the farmers and livestock producers it might be well to help stop these extravagant programs which in the long run pose a serious threat to agriculture and at the same time threaten us all as cost of inflation which is certain to go on as long as we indulge in deficit spending, continue to raise our national debt and steadily erode the dollar.

That route — not more government spending — seems to be the one we should now be following.

Harvard Graduate School of Business Administration. He served in the Pacific Theatre of the Army during World War II, and resumed his business career in 1946 with the company. He has served since in various capacities, and is presently devoting most of his time to business.

R. E. Mayer Co. Formed

WILLIAMSPORT, Pa. — Raymond E. Mayer has formed Raymond E. Mayer & Co., with offices at 1242 Baldwin Street to engage in a securities business. Mr. Mayer is joined in the business by Wadell & Reed, Inc.

Wm. Sinnreich Opens

MASSAPEQUA, N. Y. — William Sinnreich is engaging in a securities business from offices at 77 Grand Avenue.

Norman Nelson Partner

In Roggenburg & Co.

Roggenburg & Co., 29 Broadway, New York City, has announced that Norman Nelson has been admitted to general partnership in the firm. Mr. Nelson has been with Roggenburg for many years as Cashier.

### IRVING TRUST COMPANY

**NEW YORK**

**STATEMENT OF CONDITION, DECEMBER 31, 1958**

**DIREC TORS**

RICHARD H. WEST
Chairman of the Board

GEORGE A. MURPHY
President

HENRY P. BRISTOL
Chairman, Executive Committee

THOMAS C. FOGARTY
President

I. J. HARVEY, JR.
Chairman, Continental Co. Inc.

L. J. Harvey, Jr.
Chairman, The Thrifty Company

ROBERT C. KIRKWOOD
President, F. W. Woolworth Co.

DAVID L. LIEVE
President, Wool, Virginia

Paley and Paper Company

J. R. MACDONALD
Chairman and President,
General Cable Corporation

W. G. MALCOLM
Chairman, American Cyanamid Company

MINOT K. MILLIKEN
President and Treasurer,
Dering, Milliken & Co., Inc.

DON C. MITCHELL
Chairman,
Internationul Trust Products Inc.

ROY W. MOORE
President, Security First National Bank

PETER S. PAINE
President, New York & Pennsylvania Co.

LEROY A. PETERSEN
President, First National Bank

J. WHITNEY PETERSON
President, Exchange National Bank

DONALD C. POWER
President, First National Bank

RAYMOND H. REESE
President, New York Telephone Company

HERBERT E. SMITH
President and Treasurer

E. E. STEWART
President and Chairman of the Board,
National Dairy Products Corporation

FRANCES L. WHITMARSH
President, Francis H. Leggett & Company

**DIRECTORS**

RICHARD H. WEST
Chairman of the Board

GEORGE A. MURPHY
President

HENRY P. BRISTOL
Chairman, Executive Committee

THOMAS C. FOGARTY
President

I. J. HARVEY, JR.
Chairman, Continental Co. Inc.

L. J. Harvey, Jr.
Chairman, The Thrifty Company

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President, F. W. Woolworth Co.

DAVID L. LIEVE
President, Wool, Virginia

Paley and Paper Company

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Chairman and President,
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President, First National Bank

J. WHITNEY PETERSON
President, Exchange National Bank

DONALD C. POWER
President, First National Bank

RAYMOND H. REESE
President, New York Telephone Company

HERBERT E. SMITH
President and Treasurer

E. E. STEWART
President and Chairman of the Board,
National Dairy Products Corporation

FRANCES L. WHITMARSH
President, Francis H. Leggett & Company

**ASSETS**

<table>
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<th>Description</th>
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<td>Securities Issued or Underwritten</td>
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<td>Stock in Federal Reserve Bank</td>
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<td>Loans Guaranteed or Insured by U. S. Government</td>
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<td>or its Agencies</td>
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<td>Loans Secured by U. S. Government Securities</td>
<td>$35,652,644</td>
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<td>Other Loans</td>
<td>$773,160,484</td>
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<tr>
<td>Total Assets</td>
<td>$1,091,230,223</td>
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**LIABILITIES**

<table>
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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Deposits</td>
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<tr>
<td>Taxes and Other Expenditures</td>
<td>$15,059,912</td>
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<tr>
<td>Dividend Payable January 2, 1959</td>
<td>$2,040,000</td>
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<tr>
<td>Acceptances: Less Amount in Portfolio</td>
<td>$55,326,924</td>
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<tr>
<td>Other Liabilities</td>
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<tr>
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**CAPITAL ACCOUNTS**

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<thead>
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<th>Description</th>
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<tr>
<td>Capital Stock</td>
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<tr>
<td>Surplus</td>
<td>$57,000</td>
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<tr>
<td>Undivided Profits</td>
<td>$29,094,372</td>
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<td>Total Capital Accounts</td>
<td>$137,094,372</td>
</tr>
<tr>
<td>Total Liabilities and Capital Accounts</td>
<td>$1,091,230,223</td>
</tr>
</tbody>
</table>

* U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to $94,139,318.
Fiscal Responsibility

By PERCYAL F. BRUNDEG
Former Director of the Federal Budget Consultant, Price, Waterhouse & Co., Washington, D. C.

Former Budget Director charges Congress for much of the Federal deficit looming in this fiscal year and offers a variety of suggestions to achieve less political pressures on spending bills, more economy and efficiency in government, and clear cut fiscal responsibility. Mr. Brundage suggests: (1) simplifying budgetary procedures and hearings; (2) enacting a single omnibus appropriation bill; (3) less reliance on income taxes; (4) lengthening Congressmen's, President's and Vice-President's terms to six years; (5) thoroughgoing reform of Federal-state-local tax policy; and (6) extending "conflict of interest" rules that now apply to Executive branch members to our legislators.

It is a relief, I must admit, to be able to discuss with personal detachment about government affairs and the heavy burdens that your public servants carry. For some years I felt to a small degree like Mr. Lincoln who when asked how he felt it to be President, replied: "You remember the man who had been tarred and feathered and was being ridden out of town on a rail? A man in the crowd asked him how he liked the treatment. His answer was 'If it wasn't for the honor of the thing I'd rather walk.'"

It was a terrific strain to be one of the focal points of constant attack on administration fiscal policy, when actually the Bureau of the Budget and the President only propose and Congress disposes. Government is growing as our population is growing. Our whole economy is growing and getting more and more complex. Our Gross National Product in uniform dollars has more than doubled since the beginning of World War II. In my opinion, we must accept the fact that we shall continue to have a large government but reduce to keep within bounds and do all we can to improve and simplify it.

You know the definition of an adult—"One who has stopped growing at both ends, but continues to grow in the middle." I believe we can limit our government to that kind of growth. I have been studying our governmental procedures very closely for four years, and I am going to summarize for you some of my conclusions:

Simplified Budget Procedure Required

In the first place, our budget procedures are much too complicated. They take altogether too much time of the top officials of the government, and the responsibility is too divided in spite of all our efforts for coordination and simplification.

To begin with, we have to start the preparation of the budget at least 15 months before the beginning of the fiscal year to which it relates. Each department or agency spends weeks and months of analysis and review before it reaches the Bureau of the Budget, where it gets a thorough review. However, there are frequent reviews and decisions by the President, Cabinet, and Security Council before submission to the Congress. Then come months of hearings before the House and Senate committees. This is the most grueling kind of work—the heads of all the important departments and agencies are required to appear in person, to be away from their executive responsibilities, and to answer questions for as many as four different committees.

The net result of Congressional action is that there are many cuts made in requests for appropriations and many unnecessary increases are added. This is vastly different from the system in all other countries where responsibility is for the budget that is submitted, and if it is amended or rejected by the Parliament. I firmly believe that our present system is unwieldy, costly, and unsatisfactory.

As an illustration of what happened, I would like to summarize what took place last spring in the consideration by Congress of the 1959 budget, which was submitted by the President in his Budget Message of January 30. Let us first consider economy measures proposed to the Congress in the 1959 budget of which there were 16. What Congress Did to Economy

The President asked for postwar rate increases which would bring in an estimated $725 million; Congress voted increases estimated to total $48 million, but also gave increased postal employment exceeding our recommendations by $236 million (including $12 million retroactive). This cut our net saving in half, and we will still have a postal deficit in fiscal 1959 of over $700 million.

The Budget proposed user charges for aviation which we had previously brought us $21 million a year in revenue to help pay for advanced airway navigation aids, which are costing well over a billion dollars. The Congress took no action at all.

The President proposed increasing the interest rates on FNMA special assistance mortgages, and the Congress gave us about what we proposed.

Higher interest rates on college housing loans were proposed, and Congress gave us nothing.

The Budget proposed to adjust certain veterans benefits which we believed would have eventually resulted in a cost of at least $500 million; Congress did not even consider it. We proposed reductions in REA loan programs, which largely cover repayments to farmers in areas now spreading out into the rural communities. This would have saved $200 million a year eventu¬ally, but Congress gave us nothing.

The Budget proposed increased local aid for public assistance which could have saved $254 million; the Federal proportion was ill-advisedly increased. Congress on the other hand held back the Federal portion again which cost an ad¬ditional $254 million.

The President proposed limiting aid to the rapidly affected areas by increasing local participation, and this would have saved $253 million. A tax which was not enacted.

We asked for greater flexibility in price support for agriculture. Congress gave us some flexibility but not enough. We asked to have the aerege reserve end on June 30, which would have saved $52 million. Congress ended it but liberalized it last year—between $175 million. And Congress gave us only half a billion, against our request.

But this is not all. Congress raised appropriations beyond our estimates:

- Department of Defense military, $1.5 billion; 1960 Appropriation for construction for public buildings, $200 million; National Institutes of Health, $86 million; Appalachian assistance for 1959; Public Works Appropriations, $2.4 billion. In addition, the future year costs of the new starts Congress approved will be $2.2 billion.

- Federal Reserve System: All the increases were made outside of appropriation acts. For example: Emergency Highway in the Federal Aid to Highway in the Postwar Plan, $1.5 billion; increase in the Federal Aid to Highway in the Postwar Plan, $434 million; increase in the highway fund deficit of $58 million; pay raises over the budget, a total of $434 million.

Congress increased 1959 budget recommendations by a total of $7.7 billion. This is not one year's spending, but its force will be felt in 1959 and later years. Against these increases, reductions came to something over $2 billion. The net result was that Congress approved our budget proposals by over $3 billion. I cannot believe that this kind of operation is satisfactory to the taxpayers or adequate to our needs. We don't know anyone better fitted than C.P.A.'s to improve it. We are frequently thought of the story of the Texan who was visiting Washington for the first time. He was asked around the White House, the Treasury and the Capitol but was not very impressed. That evening he remarked to some friends, "Thank heaven we're not getting all of the government we pay for."

This brings us to a second serious failing in our fiscal system. We spend millions of dollars in preparing our budget and only a small fraction of that amount in evaluating the results afterwards. There seems to be so little time and staff available to the Bureau of the Budget, the agencies or Congress for subsequent analysis, investigation and explanation of variances between budgets and actual performance which provide the machinery up so clearly. Here lies the greatest opportunity for self criticism and improvement for the future. The Budget is in the nature of course appropriations funds, the Treasury summarizes expenditures, and the Government Accounting Office makes a post audit to see that they were charged against the appropri¬ate purposes. But no one determines how much was spent for unnecessary or unsatisfactory purposes at all.

Administration Leadership

Let me turn now to a third phase which public attention should be directed. Let me ask the American people and the press to get back to their proper pursuits and why.

E. H. Brundage

*An address by Mr. Brundage before the 21st Annual Meeting of the New Jersey Taxpayers Association, Newark, N. J.

NEW ISSUE
January 8, 1959

This is not an offer of these Securities for sale. The offer is made only by the Prospectus.

Household Finance Corporation

4½% Sinking Fund Debentures
Due 1984

Price 99¾

Due January 15, 1959

Due January 15, 1984

$30,000,000

Price 99¾

Due January 15, 1959

Due January 15, 1984

$30,000,000

Shares of the Prospectus are issued from the under¬

signed only in those states and to those persons to whom the undersigned may legally distribute the Prospectus.

LEE HIGGINSON CORPORATION

WHITE, WELD & CO.

BLYTH & CO., INC.

GOLDMAN, SACHS & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH

STONE & WEBSTER SECURITIES CORPORATION

HARRIMAN RIPLEY & CO.

 Kiddie, Peabody & Co.

LAZAR FRERES & CO.

Paine, Webber, Jackson & Curtis

DAN WITTERT & CO.

GLORE, FORGAN & CO.

LEHMAN BROTHERS

Smith, Barney & Co.
Alaska Beckons: “Go North Young Man, Go North”

By Hon. B. Frank Heistleman

Former Governor of Alaska, Regional President, Alaska of the Pacific Northwest Trade Association.

A new era for Alaska since World War II is pictured by its former Governor in detailing some of the many potential uses of the territory. In the hands of a “Have Not” nation, Mr. Heistleman declares, Alaska would have been substantially developed. Envisioned a decidedly rising population and what it would mean in terms of increasing American markets; development Alaska’s detached position from Continental United States was responsible in part for checking any substantial change for further development in Alaska when the major wave of immigration reached in Pacific in Oregon and Washington. Through out its long American history, the Territory has lagged in growth because Continental United States, with a bountiful supply of natural resources, has been a pressing need for most of the United States has to offer. For the hands of a “Have Not” nation, for instance, Japan, a near neighbor — Alaska’s resources would long again have been developed substantially and much of its vast open space filled with people.

New Era Since World War II Development. In a new era seems to have opened since the close of the Sec ond World War, and we see this as changing the picture of Alaska’s development. The change is connected with the rapidly increasing population of the United States. This is bringing more and more of the resources of Alaska” within economic range of increasing American markets, a situation which promises added population and more prosperity for this region.

It is true also that some of Alaska’s products are now beginning to enter the markets of other countries around the Pacific Rim. Alaska is now actively selling pulp and lumber to Japan with early prospects for adding coal and iron ore and possibly some aluminum to this list. This business is

Continued on page 34

The grant of statehood to the Territory of Alaska on June 30 last has strongly focused attention on the possibilities for Alaskan development. In this connexion it is interesting to note a widespread reawakening of the Pioneer Spirit that was so effective in the “Winning of the West” in the present century. This can be observed in corporate bodies as well as individuals.

To benefit from this great interest, the state government which has come into being in January, 1959 can be expected to take early action designed to promote the growth to Alaska than has been the experience under the former guardianship. Principally this will mean offering encouragement to the development of natural resources by private enterprise. Under the same order, the federal government’s role in this development will require the services of men of organizational, managerial and technical ability in many fields of American activity. We Alaskans believe that the prospects for accomplishment in the new state merit such action.

Alaska might well provide for purposes of its own the statement of a poet who wrote—in some other connection—“Send Me Men To Match My Mountains.”

The defense activities that have come to Alaska as a result of its position on transocean flying routes have brought many permanent public works, especially highways, air fields, and port facilities that will continue immensely to our economic growth. In addition military work of many kinds currently provides us with major economic help. But we want to prepare now to take advantage of the slack in the local economy that would come at any time with heavy withdrawal of military forces. This gives urgency to our natural resource development programs, but we propose to go far beyond plans for merely holding our own. We want to smooth the way for obtaining a steady increase in per capita income and an expansion in industry commensurate with the extent and value of our resources.

All of our planning involves getting more people. The present population of 200,000 in a region of 500,000 square miles (more than twice the size of Texas) would almost certainly need an increase of people with the same square mile of land.

An address by Mr. Heistleman before the National Industrial Conference (Bom’s 38th meeting, Cleveland, Ohio.

THE FIRST NATIONAL CITY BANK
of New York

Head Office: 55 Wall Street, New York

77 Branches in Greater New York
74 Overseas Branches, Offices and Agencies

Volume 110 Number 5810 . . . The Commercial and Financial Chronicle

Statement of Condition as of December 31, 1958

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>Deposits</td>
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<td>Liberty Bonds</td>
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<td>State and Local Government Obligations</td>
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<td>Loans</td>
<td>Unearned Income</td>
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<td>International Banking Corporation</td>
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<td>Bank Premises, Furniture and Equipment</td>
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<td>Excess in Transits with Overseas Offices</td>
<td>Surplus</td>
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<td>Other Assets</td>
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Footnotes:

1. $10,275,952 of United States Government Obligations and $2,499,000 of other assets are pledged to secured Public Deposits and for other purposes required or permitted by law.

2. DODGE FEDERAL DEPOSIT INSURANCE CORPORATION

Chairman of the Board
ROBERT C. SHEPHARD

Vice-Chairman
RICHARD S. PERKINS

President
JAMES V. SHAWELL

ALON H. TEMPLE

CITY BANK FARMERS Trust Company

Head Office: 22 William Street, New York

Affiliate of The First National City Bank of New York for separate administration of trust funds

Statement of Condition as of December 31, 1958

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
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<tbody>
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<td>Cash and Due from Banks</td>
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<td>Deposits in Governmental Trust Funds</td>
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$10,037,581 of United States Government Obligations are pledged to secure Public Deposits and for other purposes required or permitted by law.

DODGE FEDERAL DEPOSIT INSURANCE CORPORATION

Chairman of the Board
RICHARD S. PERKINS

President
EDWIN W. PENCE

We shall be glad to send, upon request, a complete copy of the 1958 "Report to the Shareholders" of The First National City Bank of New York and CITY BANK FARMERS TRUST COMPANY.

Gegized for FRASER
http://fraser.stlouisfed.org/
Later, in the spring, the peak-to-trough
recession was over, the consumer
spending up by more than 5%,
the personal income up by 4%.
In the second quarter, the
recession and the recovery from it
were almost simultaneous.

Despite the vigorous recovery, the
products of the new recovery were
not in fact the same as those
underlying the 1957-58 recession.

The recession and recovery from it
were essentially simultaneous.

The consumer spending, as shown
in the 1957-58 recession, was
up by 5%, the personal income up
by 4%. In the second quarter,
the recovery and the recession from it
were almost simultaneous.
Broadening its present world-wide facilities for trading in securities, the New York Stock Exchange Bank, N. Y., has organized a wholly-owned subsidiary, which will be known as Chemical International Finance Ltd., a company which is independent of the New York Stock Exchange Bank. The Bank has for its objective the financing of the traditional type of foreign trade handled by commercial banks. Through it, the bank anticipates taking an active part in helping its customers in the United States and overseas to establish themselves, or to enlarge their operations outside the United States.

Specifically, Chemical International Finance Ltd. proposes to participate in international transactions or provide the American capital, equipment, know-how or technical assistance, whether in the European Common Market or in other areas where expansion offers opportunities.

Charles B. Love and Russell L. Hauser, former assistant vice-presidents, have been elected vice-presidents of Chemical Core Exchange Bank. Mr. Hauser has been announced on Jan. 7 by Harold H. Helm, chairman of the bank. Mr. Love joined Chemical in 1961. He is a member of the board of International Trust & Deposit, 6 Broadway, where he is responsible for its Far Eastern business.

Mr. Hauser is in charge of the bank’s Mortgage Loan Department at 30 Broadway.

**CHEMICAL CORP. EXCHANGE BANK OF NEW YORK**

Mr. O’Brien and Mr. Hauser will continue as assistant vice-presidents and will each have charge of a division of the bank.

**AMOS B. FEY**

**BANCERS TRUST COMPANY, NEW YORK**

Dec. 31, 39 Sept. 30, 38

Total resources... 3,184,890,779 3,182,419,938

Cash and due from banks... 767,216,941 767,216,941

Loans & discounts... 2,403,701,425 2,384,890,779

Undiv. profits... 1,619,461,986 1,617,076,451

**THE CHASE MANHATTAN BANK**

HEAD OFFICE: 18th Street and Broadway.

Statement of Condition, December 31, 1938

**ASSETS**

Cash and Due from Banks... $2,100,874,863

U. S. Government Obligations... 1,505,876,335

State, Municipal and Other Securities... 442,967,864

Mortgages... 178,722,647

Loans... 5,807,259,890

Banking Houses... 65,942,893

Customers’ Acceptance Liability... 165,547,113

Other Assets... 63,690,154

$3,239,981,739

**LIABILITIES**

Deposits... $7,386,096,807

Foreign Funds Borrowed... 4,136,456

Reserve for Taxes... 58,773,172

Acceptances Outstanding... 184,014,712

Loss in Portfolio... 14,765,846

Other Liabilities... 60,568,261

Reserve for Contingencies... 19,749,712

Capital Funds:

Capital Stock... $165,625,000

Surplus... 400,000,000

Undivided Profits... 67,783,465

$3,239,981,739

Of the above assets $510,890,205 are pledged to secure public deposits and for other purposes, and represent certain other deposits are pledged as privileged.

Liabilities with book value of $25,612,065 are loaned to customers against collateral. Assets are shown at book values less any reserves.

Member Federal Deposit Insurance Corporation.

99 OFFICES IN GREATER NEW YORK — 20 OVERSEAS
The Market... and You

By WALLACE STREETER

16 (112)

The Commercial and Financial Chronicle... Thursday, January 8, 1959

Stocks continued to forge higher, finding much profit-taking to be absorbed on the way up, with industrials approaching the 600 line for the first time in history and utilities at their best level in more than a quarter century.

Selling drives made little headway even at the poorest prices, and once the pressure abated, the list was able to snap back smartly more times than not in impressive shows of strength that, in spots, defied any logic or specific reason.

Rails were the laggard section, their average not in position to post anything approaching record levels and when, as there was to show off the new year, a session of two of good action showed up, it tended to peter out rather rapidly with no real follow-through.

Nervous Sections

Some cancellations and contract shifts kept the aircraft nervous and the combination of profit-threats in Venezuela and ample discussion of the dire consequences by financial services kept the oils well restrained.

There was occasional uneasiness in the chemicals, the drugs, some of the metals and the tares, although the latter had had a good run and some reaction wasn't unlikely.

ATT the Bellwether

A good measure of credit for the continued new high had to be laid to American Telephone which continued to work to the best postings seen in this issue since 1950. In fact, it was Telephone's spirited response to its first stock split in history and abandonment of the classic, 20-year-maintained $9 dividend that enabled the industrial average to plough through the 1990 area in December and start the string of record highs. And since then when the list showed signs of faltering, Telephone came to the rescue several times.

It also helped to keep a stock split that was a contributing factor to the many hopefuls around, mostly those in the bracket above $100, such as International, Eastern, Paper, Kodak, Firestone, and even U. S. Steel which hasn't quite made the run line yet. Steel did forge to within the minimum fraction of that level to start off the week. The issue has never sold above par since 1937 despite 3-for-1 and 2-for-1 stock splits in 1949 and 1955.

Chemicals Laggard

The chemical easiness kept those issues from setting any records, notably du Pont which approached the 256 line in 1955 and hasn't been within a dozen points of that area since. Similarly, Allied Chemical isn't been within some 20 points of its 1956 peak to give something of a lie to the tale of the industrial average that "stocks" are at their highest levels in history.

Motors showed some stirring, presumably from reinvestment demand as the new year began, but they tired rather early and not much came of it. Chrysler for instance has yet to reach what were the year's low prices for 1955 and 1956, with its peak for recent times above the 100 mark of 1955, with the current standing only slightly over half of that figure. Good production reports from Detroit were still being eyed skeptically and more concrete evidence of an upward trend awaited.

Belated Bargain-Hunting

There was much hunting among the neglected items for issues that could finally get into the act. Charles E. Hires was seized on as a merger candidate with various other soft drink outfits but even before it could get into its whirl, the denials started flowing and killed off its one-day show of spirited market action.

The recent popularity for food shares was also pretty much over, but it left some neglected items in the section, including General Baking which still offered a dividend yield of around 4%. for a company that was able to turn in thoroughly confortable profits for 1955 despite trouble spots elsewhere. Higher sales for last year rounded out a decade of uninterrupted improvement but, apparently, was little inspiration to those bent on chasing the high-priced, split-hopefuls.

There was a rather good list of issues around still offering a return of around 5½% but few were associated with a high price and that was American Brake Shoe, Seaboard Air Line in the rails, Eaton Mfg., Borg-Warner and American Steel Foundries. Rails generally have the high returns, including such quality items as Santa Fe with a return of around 5½% and Chesapeake & Ohio which, in recent levels, was a 6½ item.

Steel's, despite the pinpoint demand, look rather good for a general group move recently, still would seem to offer some of the better bargains to take part in as a good participation in further upswinging in the general economy. Wheeling Steel in the mid 50s, for instance, has a book value in the mid 80s and is more than a dozen points under its 1957 peak. The company's capitalization is such that there is much "leveraging" in the common stock, meaning that earnings are as impressive as they are in swing in profits. As business slowed from 1956 to last year, the per-share profit skidded from more than $3 to a rounded $3.25 last year. Then operations showed a good rebound last year.

Interesting Rail Issues

In the rail section Western Maryland is something of a dividend bargain. But it is one of the few eastern carriers able to show good gains in earnings recently. It only joined the list of dividend payers late in 1957. Its final payment of 1958 lifted the current quarterly rate to 80 cents a for a payment of $3.15 for last year. And even the indicated $3.60 rate on the new basis is covered more than twice by estimated 1958 earnings of $7.88 a share while the company projections point to a $2.50 a share in 1959. Hence, dividend largesse would seem logical. In any event, the indicated return at the new level is a 4½% without waiting for further liberalization.

Chesapeake & Ohio was found more times than not on lists of quality rails, some even labeling it a blue chip. For one, its dividend record stretches back without interruption some 36 years, although the payments were rather erratic and usually when the line was pioneering in many new facets of railroad, some definitely disappointing than $8 to an estate, have improved greatly and its $4 payout (and yield of slightly over 6%) is the high for all-time as a annual rate. As with others in the rail business, earnings were off last year but the dividend is in no jeopardy as it is covered by the better than $6 estimated to be the eventual profit for the year.

Earnings Increase Plus Romance

In the airlines the story has been one of little interest except, sporadically, in Pan American World Airways which, at the moment, is the romance item because of its peculiar charm to all romance, however, since inauguration of jet service promotion, there has been an uptick in earnings as increased revenues and substantial economies result. Some estimates are that Pan American is currently at a level that would be less than 10 times 1959 earnings, which is distinctly conservative, but the 60-times ratios that are indicated in other high-flying issues where the interest has been more intense.

A. F. Tisch Becomes Fitzgerald Partner

Alfred F. Tisch has been admitted to general partnership in Fitzgerald & Company, 40 Wall Street, New York City. He has been an associate of the firm for 21 years and is currently a former President of the New York Stock Exchange and is a director in the National Security Dealers Association.

Goldman Sachs & Co. Admits New Partners

Goldman Sachs & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, has admitted two partners. C. W. Altschul, John W. Callaghan, Charles L. Harmon, James D. Robertson, Jay Tenenbaum and Harold S. Wase have been admitted to general partnership in the firm. Walter E. Sachs has retired from general partnership, becoming a limited partner in the firm.

Halle & Stieglietz, H. Herman Consolidate

On Jan. 1 Halle & Stieglietz and I. H. Herman & Co., consolidated as Halle & Stieglietz. Officers in the consolidated firm member firm are at 25 Wall St., New York City, and 44 Commerce Street, Newark, N. J. General partners are Stanley J. Halle, William M. Cahn, Simon S. Lefkow, George W. Nabel, Jr., William D. Prounitz, Stannard B. Knothe, J. W. Ely, Husey, and Robert A. N. Louis Strauss and Louis G. Strasser are limited partners.

William B. King V.P. of Kormendi & Co.

Kormendi & Co., Inc., 70 Pine Street, New York City, underwriters and distributors of investment securities, announced that William B. King, has joined their organization as Vice-President. He was formerly with the firm of Byrd Brothers.
California Water Service Company

The company supplies water at retail in 29 communities and adjacent areas in California, with a population of 848,000, including Bakersfield, Chico, East Los Angeles, Hermosa and Redondo Beaches, Petaluma, San Carlos, San Mateo, South San Francisco, Stockton and Visalia, and the Bear Creek and Contra Costa Districts. It is said to be the largest U. S. privately operated water company (apart from holding company systems such as American Water Works).

The areas are largely agricultural, though there is some oil production and light industry. Residual and commercial sales account for about 48% of revenues. While the company's wells and the Sacramento River are the main sources of supply, 29% is purchased from the San Francisco Water District, Pacific Gas & Electric, etc. In Los Angeles County the company has cooperated with others in forming municipal water districts.

As with other watercompanies, purchases and sales contracts may be made with municipalities. The San Francisco Water System was sold in January, 1938, for $1,096,000 (the revenues from this property were less 1% the rate of revenues). Possible sales might be made to the cities of Stockton and Concord and the San Ramon Valley County Water District proposes to buy a portion of the Contra Costa system. Two small properties were acquired in 1937 adjacent to properties already operating.

Of historical interest is the fact that the construction of water facilities was begun back in 1799 by the Franciscan Fathers, with the help of the Indians. Mountain streams were diverted into aqueducts and underground supplies were tapped, 21 missions being thus supplied. A few of these facilities may still be in operation—any at any rate they are preserved because of historic interest. The company has more than doubled in size in the past 20 years, customers increasing from 100,000 in 1915 to 230,000 in 1937, and the utility plant has more than tripled to $74 million. Water sales increased from 112 million gallons per day in 1915, or nearly 38,000,000 cubic feet per day, to 112 million gallons per day in 1918, or nearly 40,000,000 cubic feet per day.

Share earnings remained somewhat irregular during 1935-38, declining to $2.46 in 1936. From this level they gradually increased to $3.33 in 1937 (highest since 1929) and $4.28 in the 12 months ended Nov. 30, 1938. While the latter figure was below $5.33 in the previous period, it represented a gain of 4 cents per share reported in the 12 months ended September. The company early in 1938 had granted a 5% wage increase which (along with severe storms in the area) accounted for the dip in earnings.

However, the company applied for rate increases in six areas. Rate increases expected to provide about $10,000 additional net income (25 cents a share) became effective in November, reflecting decisions on two of these applications. If granted, the remaining amounts would yield about 11 cents additional. The company in 1937 earned 5.3% on invested capital and 5.1% on net property—the rate of return having increased gradually from about 4.2% in 1930. A return of 6.1% was sought in the 1938 dividend.

The dividend rate was raised from the earlier $2 rate to $2.20 in 1934 and is currently $2.40. Dividends were partially non-taxable during 1934-44 though not in 1937; it is possible that a small part of the 1938 dividend may again have been exempt. The company has been using accelerated depreciation which is a factor.

Construction expenditures for 1937 were close 3,485 million, a reduction of 27% from the previous year although the number of customers gained 2%. With proceeds of the Hanford sale supplementary cash from operations, no financing was required in 1937, except for the sale of 12,000 shares of 5.3% convertible preferred stock.

Capitalization is approximately as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions</th>
<th>Present</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Debt</td>
<td>$33.6</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>8.1</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>20.1</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$60.8</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

The company has outstanding a number of series of preferred stocks (all $25 par) with dividend rates ranging from 4.4% to 5.5%. Several series (about one-fifth of the outstanding number of shares) are convertible into common stock at varying rates.

The stock has been recently quoted in the over-the-counter market around $3 and 3/4 to yield 5%. Latest earnings, if adjusted on a pro forma basis for rate increases received and anticipated, might approximate $3.55 on which basis the stock would be selling at only about 13.5 times earnings.

CHEMICAL BANK
165 Broadway, New York

Conceded Statement of Condition
At the close of business December 31, 1938

ASSETS
Cash and Due from Banks $ 945,243,856.86
U. S. Government Obligations 855,707,225.85
State, Municipal and Public Securities 394,200,569.09
Other Bonds and Investments 23,190,256.25
Loans 1,524,250,145.44
Banking Premises and Equipment 22,602,328.92
Customers' Liability on Acceptances 80,144,901.16
Accrued Interest and Accounts Receivable 13,546,353.34
Other Assets 4,659,609.79
Total $5,593,567,713.32

LIABILITIES
Capital Stock (partially paid) 63,765,900.00
Surplus 186,234,100.00
Unpaid Dividends 45,887,759.58 $296,857,759.58
Reserve for Contingencies 9,780,167.76
Reserves for Taxes, Expenses, etc. 17,973,538.49
Dividend Payable January 1, 1939 9,255,854.60
Acceptances Outstanding (Net) 83,015,091.69
Other Liabilities 10,034,857.83
Total 3,174,092,553.97 $3,593,567,713.32

Basis of calculation is $244,402.40/76 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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Honorary Chairman of the Board

R. T. WALTHER
Chairman, Executive Committee

ROBERT A. HAYES
Senior Officer, Drysdale & Co.

DUNHAM R. COOK
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President

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President

Erwin Kocian & Company

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President, Lumber & Marine Tobacco Co.

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Dressel & Co.

Lehman Brothers

Dressel & Co.

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Dressel & Co.

Astachick, Parker & Rhulph

Dressel & Co.

Bache & Co.

Dressel & Co.

Blair & Co. & Co.

Dressel & Co.

Deloach & Townsend, Crout & Bodie

Dressel & Co.

Elkins, Morris, Bodie & Co.

Dressel & Co.

Greer, Ellis & Anderson

Dressel & Co.

Jenney, Delius & Battles, Inc.

Dressel & Co.

A. E. Masten & Company

Dressel & Co.

W. H. Newbold & Co.

Dressel & Co.

Newburger & Company

Dressel & Co.

Patrick & Co.

Dressel & Co.

Reynolds & Co., Inc.

Dressel & Co.

Singer, Daume & Schneider

Dressel & Co.

Yarbell, Biddle & Co.

Dressel & Co.

Warren W. York, & Co., Inc.

Dressel & Co.

Boek Brothers, Inc.

Dressel & Co.

Blair & Co. & Co.

Dressel & Co.

James A. Leavens, Inc.

Dressel & Co.

Super, Talmage, Mosby & Co.

Dressel & Co.

Incorporated

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Chairman, Nichols Enterprises of New York Corporation

ROBERT GOOLEY
Real Estate

FREDERICK L. JENSEN
Real Estate

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Honorary Chairman of the Board

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Board of Governors, New York Life Insurance Company

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Chairman, Huyton American

WILLIAM P. WORTHINGTON
President

Hunley Life Insurance Company

CONVENIENT OFFICES THROUGHOUT GREATER NEW YORK

Every Banking and Trust Service at Home and Abroad

Member Member Federal Reserve System

Member Federal Deposit Insurance Corporation

Chamber of Commerce Of New York
New Business Leaders Optimistic

City's leading commerce and industry heads believe the new year will be a good one compared to 1958.

General agreement that 1959 will be a good year—and probably better than 1958—for the nation's business, with upward trends in a number of areas, was expressed by 14 business and industrial leaders participating in the annual symposium on the outlook for the new year conducted by the Commerce and Industry Association of New York, Inc., Jan. Dec. 30.

The year-end forecasts cover the fields of life insurance, consumer products, construction, chemicals, copper, drugs, foreign trade, Latin-American trade, petroleum, public utilities, railroads and real estate. Nine of the executives contributing to the record-robin are members of the Association’s Board of Directors.

Here are all their views on what 1959 will bring:

LIFE INSURANCE:
Clarence J. Myers, President, New York Life Insurance Company, and President of the Association.

Like most other businesses life insurance felt the recession in 1958, but the companies still enjoyed a successful year. It is estimated that $65,000,000,000 of new business was written, the largest year-to-year volume we have ever placed on our books except for 1957. Indeed, our national economy has not reached the bottom which still is the backbone of life insurance in the U.S.

States, rose to an all-time record of $47,500,000,000-$1,300,000,000 above 1957. Our group business, always more responsive to economic conditions than our ordinary business, declined in 1958 by an estimated $2,800,000,000, about 20% below 1957.

Insurance in force increased by $3,000,000,000 during the year to $40,000,000,000. This was the 20th consecutive year that insurance in force had increased.

Last year at this time the general economic outlook was less than favorable. This year most of the business indexes are rising and the outlook is encouraging. Very likely many industries more cyclic in character than life insurance will report sharp increases in sales in 1959. We think our insurance company's results may not match the records of the industrialists, but we do expect to write more ordinary volume than we did in 1958 and we anticipate that our group business will approach the peak of 1957.

CONSTRUCTION:
H. C. Turner, Jr., President, Turner Construction Company, and Vice-President of Association.

The general economic outlook has improved during the past six months and I believe that it will continue to show moderate improvement for 1959. Construction totals will show a further increase due primarily to the growing high-rise building program. Mass housing may not show any major increase due to a limited money supply and less attractive financing terms for most of the past year.

In commercial construction, the volume of industrial contracts awards is an important criterion of the expansion plans of industry. Such awards have been at a high level for the past two years and with the general improvement in business, should show a moderate improvement during 1959. However, there should be a large increase in this category during the next five years as industry abandons obsolete facilities and develops modern efficient plants for new and expanded production.

Construction costs will probably increase moderately during 1959, due primarily to wage increases throughout industry as well as in construction. In summary—1959 should be a good year but not a big year.

CONSUMER PRODUCTS:
William H. Burkhardt, President, Lever Brothers Company, and Chairman of the Association.

Sales of packaged consumer goods through grocery and drug stores were one of the strong elements in the U.S. economy during the 1957-58 recession. In consumer durable and many soft goods lines, sales of house¬ hold, food and drug products showed consistent gains. This favorable trend was expected to continue in the foreseeable future because of the introduction of new and improved merchandise by the industry, aggressive merchandising and promotion by retailers and manufacturers, and a continued strong demand by consumers for products which offer convenience and quality. Hence, the prospects for 1959 are encouraging.

DRUGS:
James Hill, Jr., Chairman of Board, Sterling Drug Inc., and Vice-President of Association.

The year 1959 should exceed 1958 by not less than 6%. Gas sales will continue to increase as a result of the continuing trend toward convenience for space heating. This increase in business will necessitate expenditures for construction somewhat in excess of 1958 expenditures. Construction costs, however, will be lower due to increased utilization of prefabricated service utility service will be higher in 1959, and moderate rates increases may be expected. We are already facing a problem of capacity, which is likely to be critical for established U.S. brands, and new competition must be maintained.

To hold its share of the trade, the New York drug industry must improve its competitive position, so that any added cost of doing business through the Port does not exceed the advantages and special services which it offers to exporters and importers.

COOPER: Group B. Page, President, Phelps Dodge Corporation, and Association Director.

During the first half of 1958, considerable progress was made in the United States continued to reflect decreased consumer demand. Retail company stocks increased, reaching the highest point in April.

January and February were months in line with the lowest consumer confidence. Domestic producers and processors were able to curtail their 1957-58 carryovers to low levels. Copper and some other producers were operating at 60% capacity.

In the second half of the year, improvement in activity in the durable goods industry brought about a rise in demand. This, coupled with strikes at copper producers in Canada, effectively reduced world copper stocks. The two-year decline in copper prices was reversed. In the fourth quarter of the year that we shall see new highs in most lines of business endeavor. The probability of a protracted steel strike during the summer may slow the pace.

FOREIGN TRADE:
Gerald Le Vino, President, Guterman Company, Inc., and Associate Director.

In spite of lower commodity prices, and the corresponding reduction in dollar availability in some markets and higher prices for unprocessed export products, I believe that 1959 can be a satisfactory year for many commodities exporters. However, as has been the case in years past, there will be a strong upward trend during much of the year. In our export business, our nationals have more to offer than ever before. The demand for United States goods has expanded to a greater extent than the demand for other countries. Although we feel there are many areas where American products are not yet widely known, we feel there are many areas where American products are not yet widely known, many opportunities exist for increased sales. While we hope to continue the large increase in sales which we have just experienced, we shall be prepared to face the possibility of a slower increase in sales during the latter part of the year.

William H. Burkhardt, President, Lever Brothers Company, and Chairman of the Association.

James Hill, Jr., Chairman of the Board, Sterling Drug Inc., and Vice-President of Association.

H. C. Turner, Jr., President, Turner Construction Company, and Vice-President of Association.

Clarence J. Myers, President, New York Life Insurance Company, and President of the Association.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Offering Circular, which may be obtained from the undersigned only if the undersigned is qualified to act as a dealer in securities and in which the Offering Circular may be legally distributed.

50,000 Shares
First National Corporation
CLASS A COMMON STOCK
(Par Value $2 per share)

PRICE $8 per share

SINGER, BEAN & MACKIE, INC.
40 Exchange Pl, New York 5
HAnover 2-9900

December 31, 1958
domestic producers increased their production relative to manufactured goods. For 1959 the prospect appears favorable. The additional productive capacity will be large and the feeling is ample to take care of anticipated needs. The problem, however, is whether the conditions of supply in 1959 will be the same as in 1958.

Address to the nation and Congress of the year 1958. The prospects for the railroad industry in 1959 depend to a great extent on the outlook for general industrial production. During the coming months we do not expect a sudden improvement in the industry, but rather a steady growth. The railroads should benefit from leveling out, in the face of Congress, together with increasing demand and lower prices which they have been suffering. It is hoped that they may be further strengthened by additional legislative steps toward a modern, national transportation policy, based on the broad study, ordered by the Senate, into the railroad industry and its relation to United States economy and defense.

RAILROADS:
A. E. Perlman, President, New York Central System.

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When Special Situations Are Better Than Blue Chips

BY CLINTON DAVIDSON
Chairman of the Board,
Townsend U. S. and International Growth Fund

Mr. Davidson describes the inevitability of more inflation and the feasibility of covering the cost without equivocation that: there

will be more inflation ten
ty-ears from now than
today; it is impossible to prevent, but
there will not take inflationary
steps; and if the Admin-
istration
is forced to take inflationary steps, Congress
will include inflationary provisions
therefore, I am willing to predict that, without any believ-
ing whatsoever, that we will have more inflation—-and you know what effect that will have upon the stock prices in general. The purchasing power of the dollar will decline.

I am certain you also know that increased inflation does not mean that the price of all stocks will increase equally. Proper selec-
tion of stocks will be just as impor-
tant if not more so, even though inflation increases matur-
ity steps taken by the govern-
ment and Congress, are all
additionally a wage-price spiral. For example, the steel worker's strike, wages in con-
sequence, and then the steel com-
panies increase their prices so that they will not operate at a loss. The concentration of power that exists in both the big labor unions and in big business, many industries are being affected by this wage-price spiral.

Can Inflation Be Stopped? I would like to ask how this can be stopped. It was definitely en-
couraged by the Roosevelt Ad-
ministration and nothing has been
done since then by the other Administration to stop it. Congress has not taken and will not take
steps to stop inflation. And I ex-
pect big business to stop it.

I think I can answer that. Dur-
ing the last war, one man, a
president of a labor union, defied the President and stopped an order which resulted in stoppage of a large amount of needed war production. He thought this action was only possible because the labor unions had been
exempted from the monopoly pro-
visions of the Anti-Trust Act, while the corporations were subject to those provisions. He stated further, if the labor unions had been subject to the same monopoly provisions, this could not have happened.

A friend of mine clipped this statement from the Chicago Tribune at a head of the large a labor meeting company whose annual sales at that time was approxi-

mately $4 billion. This executive was then managing and his time to labor relations. My friend had a divorce with him and pointed out that the farm opera-
tions had always bought monopoly
products, labor monopolies and all monopolies. He said that he

had talked to a man in Washing-
ton, who was on the payroll of every corpo-
ration of all the farm organiza-
tions, convinced on their legal
problems and this man said that with sufficient funds and legal
material, and with the support of the
President, he believed that the Anti-Trust laws could be
enforced upon the labor organizations subject to their anti-mongopoly provisions.

The Owen Davidson, his
legal expert, his public relations officer, and
my friend and I meet with him.

He opened the conference by ex-
plaining that he was
facing the country due to these monopolies and our interests were, wishing to work with the
President and the Congress in securing proper
legislation.

The next day the
relation officer of his company immediately spoke up and said

"Mr. B... neither you nor
me, are going to stop this. You can't
make suggestions, you can't contribute money; you can't
sponsor anything and neither can
the company. We sell a sub-
stantial portion of our products to
members of labor unions and
we believe that we have any part in endeavouring to
secure that labor unions can't
be against their best interests." That ended the discussion.

I am absolutely convinced that neither the Government, the Con-
gress, nor any steps that are necessary to stop inflation are any longer holding in caus-
ing prices to reach new
-

Favors Equity-Hedging Favors equity-hedging. It is agreed that the usual form of insurance, which makes it imperative for any trust funds to invest and to
be up to the protect the beneficiaries are in addition to invest largely in equities. Woe be
the investment unit that de-

pends upon bonds and

lives alone! The wage-price spiral brings another and possibly even more serious danger into the picture.

In the past employing
selves completely out of the world market. Our Country, in doing so,
nating billions to foreign countries every year, which enables them to buy the same equipment at the latest, most efficient low pro-
ducers, the country, have been able to
such equipment together with their own lower labor costs, many of our industries run
be able to meet their competition. I wrote on Tuesday, 4, a larger portion of Russian steel plants uses the very low cost steel plants in the United States.

What Blue Chips to Avoid It is amazing how many stock com-
panies whose stocks are the blue chips, that are bought on the stock
exchange, are priced out of their
markets, what can the investor purchase, as to pay for the present purchasing power over the next ten years? McCord Wright of McGill University
hoped that all its book are the good edge because it can be
pended upon the profit-seeking phenomenon. It is a good edge if the increase in the average price
of the edge is as great, or nearly as
great as is the decline in the value of the currency. The edge should be
reduced by other costs keep raising at a faster rate than the price of their real
bonds do not keep pace with

inflation.

Advise "Special Situations" The inescapable conclusion, in my opinion, is that because the price increase of successful "speci-
cial situations" is so much greater than of that of blue chips, it is necessary for the investor to undertake special situations and secure the offset from the costs of the increased price. I was interested in working with the
President and the Congress in
 securing proper legislation.

ToDAVIDSON

Mazur Named Tobe Award Winner for 1958

Lehman Brothers' senior partner, economist, and author, honored with a Tobe Award, "His long contribution to America's economy and business".

Paul M. Mazur, senior partner of Lehman Brothers, investment banking company, has been named one of our most influential economists. He was honored with a Tobe Award, which is presented annually to an economist who has made a significant contribution to the economy of the United States.

Mazur, who is also a professor at New York University, has been widely recognized for his work on economic policy and forecasting. He has written extensively on the importance of inflation and the need for sound monetary policy.

Additionally, he held that only as a consuming nation could we return to a pre-1929 economy and avoid the dangers of rapid inflation. He argued that the key to preventing inflation was not to reduce government spending but to control the money supply.

Mazur's work has had a significant impact on the field of economics, and his ideas continue to be influential today. He is widely regarded as one of the most important economists of the 20th century.
Coast Exch. Members

George W. Davis, Chairman of the Board, San Francisco Division, Pacific Coast Stock Exchange, has announced the following changes in membership effective Dec. 29, 1955:

Avery L. Eppler, a general partner in the firm of Avery L. Eppler Company, Redwood City, Calif., was elected to membership in the Pacific Coast Stock Exchange.

Otto B. Reiner was elected to membership in the Pacific Coast Stock Exchange through the San Francisco Division. Mr. Reiner is a member of the New York Stock Exchange, operating as a professional not doing business with the public, and his membership on the Pacific Coast Exchange will remain inactive for the present.

Douglas G. Atkinson, a general partner of Dean, Winter & Co., was elected to membership through the San Francisco Division through its firm transfer from Charles H. Clay, also a general partner of this firm.

Bert E. Green, a general partner in the member firm of Green & Co., was elected to membership in the Pacific Coast Stock Exchange through the San Francisco Division.

It Depends

These are obviously very large commitments we are making for the future. It is, of course, not merely a matter of owing to ourselves. We are undertaking to take a very substantial part of the income of those still productive and hand it over to those who have reached the rather arbitrary age limit of 65. There are many, many more now vìable than obliged to do. Whether we have undertaken to do more than can be expected of us depends obviously first upon our productiveness in the years to come and second upon the willingness of the great ranks and file to proceed in good faith in thus contributing to the economic welfare of certain elements in the population. The real "contributions" are not the taxes paid in the name of Social Security. The income of those who obtain pensions is supplied by the productive to the non-productive year by year. Whatever the technicalities, these commitments are at bottom one to supply goods and services. There are many ways in which these commitments can be dis-honored, the most likely being inflation which automatically reduces the real value of the promised pensions.

Obviously, the Council is well aware of these more vital aspects of the system and its functioning. Hence, the statement that the security (of the aged and other beneficiaries of the system) depends even more fundamentally on the continued ability of our society to produce a large volume of goods and services under conditions of economic stability. It is at this point that the Council touches most tellingly upon the real soundness of the system. No system of the sort could be termed "sound"—or perhaps even in good faith—which has to function in a broad economic milieu which has been depleted and is kept in a depleted condition by stimulus for time-tested principles of democratic government.

Enormous Magnitude

It would be a good thing if somehow the rank and file would make a special effort to grasp the magnitude of the sums that are thus being handled about. The word "billion" has grown so common today—yes and even the term "trillion"—that no one is longer shocked by its application to a specific situation, and each figure is so large that it is about as difficult to visualize as the distance from the earth to some of the more distant heavy bodies—a distance which is commonly expressed in "light years," or the distance light travels in a year at 86,000 miles a second. Yet if there is no general or popular appreciation of the magnitude of the obligations involved in this system, and the political pressure continues each election year to add to them, the system could well some day come to disaster.

The Council and its advisors estimate that we have committed ourselves to pay in 1963 to those who have by 1963 reached the age of 65 years and retired, roughly $12 billion—and each year after that the payments will be larger. Now 1963 is only four short years away. The Council does not say—or at least part of its report carried by the daily press does not say—which the annual toll will be, say, 25 years from now. Of course, it will be very much larger. Even the 1963 figure of $12 billion is the equivalent of a perpetual debt of $400 billion, assuming an interest rate of 3%. The payments scheduled to be paid to beneficiaries during this same period will amount to an equivalent of some $333 billion of perpetual debt at 3%. The gross debt of the Federal Government, as usually compiled and published, was $253 billion at the end of last November. And this is the figure which has been giving many of us so much concern. Needless to say, it includes none of the vague but very real commitments in the various insurance and guarantee programs of the government, and of the sections of the social security system, except the formal obligations in the so-called "fund," amounting at the end of the year to some $22 billion.
Reader Spitz Differs With Fellow New Englander

Writing from Biddeford, Maine, Mr. Spitz takes decided exception to Brewer, Mass., correspondent's views on Keynes (Chronicle, Dec. 11, 1958, pp. 18-19). The latter, Frank Cist, would have the whole monetary content be in the deflation of the capitalistic system, or the effect of the currency reform, as it did in Germany, and other countries.

Editor, Commercial and Financial Chronicle:

The article by Mr. Frank Cist, dateline Dec. 11, 1958, glorifying soft money and deriding Keynes and against hard money content is, the 14th of 15 people speaking for Keynes is, is inane, idiotic, and capitulat-

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no longer free agents. They must act in conformity with statute law, and the dictate of competition may be met by a resort to strikes as they would under conditions of free enterprise.

(8) Contrary to Mr. Cls's assertion, what is worthwhile is only free agents, and there are all other valuations of setting, not the market.  

(9) As long as a man's efforts can contribute to the satisfaction of wants, he can always get a job to  

(10) Hence, as long as the remuneration is merely a market price, the man must always work. On any other level, he will not be able to accept the satisfaction of wants.

(11) Since Mr. Cls's statement that the man must always work is not true, and hence his assertion that the man will work is incorrect, we must conclude that the man will not work in the market.

(12) Mr. Cls's statement that the man will work is incorrect, and hence his assertion that the man will work is incorrect. Therefore, Mr. Cls's assertion that the man will work in the market is incorrect.

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to enter into such a controversy. They usually prefer to talk among themselves while giving sound economic papers the snore of silent treatment. Some now carry their illogical reasoning to its logical conclusion that the easiest way to create more wealth is to issue more legal tender. The ultimate conclusion of all such nonsense was revealed in a recent book which held that all Americans are now too affluent, so our various governments should all increase their tax take and we should pay people to remain unemployed.

Mr. Citc should also be complimented for recognizing "the virtues of free trade," but he fails to recognize that the virtues of free trade are primarily dependent on a concept of free and unmanipulated currencies which permit businessmen to use a sound system of economic calculation—a system that cannot be tolerated at any moment by political expediency and later justified by some hiding behind academic roles, as happened in the case of post World War I British politicians and apologists, the late Lord Keynes.

Like many others, Mr. Citc accepts the political propaganda that the so-called Reciprocal Trade Agreement Programs help, rather than hinder, American business. By definition, free trade means no political restrictions of trade, no political restrictions of capital, no political restrictions of labor. Free trade does not need a political executive or trade dictator such as the Reciprocal Trade Agreement Programs provide. Any investor in international trade will find it a hostage to the White House and the political excommunications of other lands. Today, when political whims can unexpectedly stop or change the trend of trade, the role of tariffs is strictly minor. Tariffs only change the detail of the function of the choice of the right policy but it is extremely difficult to keepadjustments for the real objectives of whining of politicians who are ever seeking new forms of wealth in income that they can confiscate and distribute to the pressure groups they wish to placate.

Tariffs are un-economic because they reduce the satisfaction of consumers and new ones also reduce the satisfactions of producers with fixed capital designed to satisfy consumer demands as they previously existed. However, the general effect of a new tariff law is the same as that of any other shift in demand. The necessary requirement in production can not be made without some economic losses. Nonetheless, such losses are infinitesimal when compared with those resulting from the anti-economic measures which have followed in the wake of the Keynesian attempt to fool British workers. His cunning may have worked temporarily but the union now rules all the statisticians, called economists, who quickly inform their members that higher paper money wages are not necessarily bad for higher employment.

Whether Keynes suffered from a note in his eye, from total economic blindness, or from sheer dishonesty, was doing, we may never know. However, we do know that his Keynesian crusades to ruin are political frauds and would be gulagbood systems that served to hide the facts of economics.

In addition to the ensuing setback to the teaching of sound economics, the economic disaster was the damage done to the economic colossus that had been the American dream. It was made in order to determine in advance how they can be kept employable and material resources to satisfy the demands of the system that will exist at the end of their operations. The Keynesian contours have added to all economic calculations the wholly unnecessary burden of trying to foretell the whims of politicians in their attempts to true their electorate into believing that they are Santa Claus when they make half-hidden additions to the supply of money substitutes which they say are made with the same legal value as commodity money and all previous quantities of their money substitutes. They thus able at any moment to validate the economic calculations of all businessmen by making available new quantities of purchasing power which can completely change the previously existing pattern of consumer demand on which businessmen have based their production plans.

Nothing could make the economic nonsense of the "Keynesian" program necessary. Nothing can make voluntary insurance necessary. It was and is only the economic ignorance of the validity of Say's law which made the Keynesian confiscations and confusions of economic calculations seem plausible to the British workers of his day. Union statisticians who now watch the index figures have since elected their members to the inability of Keynesian doctrines to perform the miracle . . . of the economy.

The Keynesian economists, on whom universities and governments have conferred the wholly unnecessary title of "economists" and those who listen to them still proclaim with the same political credit expansion as the philosopher of every wish of every pressure group. Keynesian cannot be listed in that distinguished company. He insists on keeping his feet on the solid ground of sound economics and his head below the stormy waves of Keynesianism.

PERCY L. GVEAS, Jr.
Suite 5407
253 Madison Ave., New York 17.

THE 1959 ANNUAL REVIEW & OUTLOOK ISSUE

THE CHRONICLE
Will be Published January 15, 1959

The 1959 issue of our ANNUAL REVIEW & OUTLOOK ISSUE will present the official opinions and forecasts of the nation's banking, industrial and financial leaders on the outlook for business in their respective fields.

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Continued from page 23

Pro-Hazlitt and Anti-Keynes

Continued from page 3

European Recovery Strides and American Competitiveness

in the Detroit area is $7.90 per hour, as compared to $4.50 in England, as low as $2.38 per hour in Italy. The current British practice of not having any assembly line worker in the vitally important industry here is $24, exclusive of fringe benefits. It costs roughly, from $50.30 to $60.60 per hour in Belgium, Italy, and $20 to $25 in the United Kingdom and $20 to $26 in Cologne, Germany.

In the United States, Mr. Roger Thorough reports a similar picture, with full-time employment at a weekly wage of somewhat less than three-fifths of the European counterpart. The case of another booming economic power, Britain, the best we have to offer in manufacturing methods and equipment is the case of another booming economy, the United States.

Traditionally, American industry has had a comparative advantage over foreign competitors in terms of greater capital investment, its superior facilities, equipment, managerial and economic techniques, and outright American production in a broad range of goods.

We have now largely lost this advantage, and our industry has both a potential and a probable opportunity to follow an economic and trade policy that would strengthen the war industries it has accumulated abroad and help European countries and enable our businessmen to compete more effectively. At present it appears that we have succeeded, particularly in Europe, to re-establish the dollar as the world's monetary system and to draw rich and eager foreign businessmen to the United States. In which the crosses the United States might participate fully.

Would Not Restrict Trade

First, we should fall back on trade restrictions! To begin with, the idea that we would have two related objectives. In the Americanrespect to follow an economic and trade policy that would strengthen the war industries it has accumulated abroad and help European countries and enable our businessmen to compete more effectively. At present it appears that we have succeeded, particularly in Europe, to re-establish the dollar as the world's monetary system and to draw rich and eager foreign businessmen to the United States. In which the crosses the United States might participate fully.

Further, a protectionist policy would deny the American manufacturer industry the benefits of progressively lower cost and more efficient production, which are the normal outgrowth of competition from abroad, and we want to sell in expanding world trade levels. I ask that you will agree that, rather than seeking to restrict trade, we should be doing the things that will encourage our trade—the thing that is driving people to the dollar in many countries. It appears that we have succeeded, particularly in Europe, to re-establish the dollar as the world's monetary system and to draw rich and eager foreign businessmen to the United States. In which the crosses the United States might participate fully.

One of the major benefits of national authorities on international economic, Mr. Chauncey J. McCloy, recently had this to say:

"We have to face the fact that the many lines we are pushing over the outer edge of the world market, it is up to us to make clear to all that there are substantial costs and downs. We have to make are cost more of the world, and it is only by the reduction of costs that the companies abroad can work longer and harder to make them.

A discouragingly large number of people in this world, are who are working and who are rapidly achieving a competitive know-how, are (also) aware of the advantages of the British and German industries, which have the advantage of being an efficient labor content—arguing in manufactures and in manufacturing in manufactures in general in Japan and in the United States for sale in the American market. As you know, a mill and a mill will grow to a flow which could disrupt both production and consumption in the United States.

Must Remain Competitive

Now it seems to me that, if we want to compete in world markets and if we do not want to see American production and jobs...
disrupted by the flight of capital and industry abroad, we are going to have to remain competitive in design and quality, and to compete with foreign industry.

But we must not forget that whatever our own problems of cost reduction, we must be granted full and free access to foreign markets.

The theory of trade is a two-way street applies just as much to our foreign competitors as it does to us. If we were to limit access to the American market for foreign producers with low labor costs and efficiency comparable to ours and with substantially lower transport costs, we would equally fail to keep our markets.

Five years ago we made this comment on world trade, Henry Ford, II, made this observation: "I feel very strongly that our efforts to relax trade barriers will be of real value to the whole world only if our foreign friends are equally as anxious to relax their own trade barriers."

The great new market that will explode in Western Europe in the next decade, or a large expansion in the market for the many products of American manufacture. But many countries that are important as exporters of various American-manufactured goods. We have had to face the fact that they are not as anxious to relax their trade barriers as the American manufacturer.

As you may know, our tariffs on imported cars have been lowered from 10% to 8%, while we have no quotas on other products, it is common knowledge that the actual cost to the customer may be lower than the manufacturer's suggested price. But if you wanted to buy the same car in France, England, Italy, you would have to pay a much higher price due to surcharges and heavy cost and heavy taxes.

In France, the delivered price of a car is about $8,200, it includes a 20% excise tax, 49% premium for dollars as an equalization fee and special purchase taxes. In Germany, the delivered price of a car would be about $8,500, with a penalty of $1,400, plus an anti-tax fee of $250.

Let us remember, however, that we were not as anxious to relax our own trade barriers as many countries.

How to Keep Costs Down

I would certainly not suggest that our aid to Europe has been successful, but I would say that we have been somewhat in the situation of a fellow who has been watching out for the little dog, as the next door, and protecting him against the neighborhood bully. And suddenly one day he finds that the little fellow has grown, and has a good set of teeth. And he says: Son, the big brother act is over, and from here on out depends on you man.

As I remember, however, that we were to achieve perfectly free access to world markets, it would be good if we could cut down our costs and, consequently, prices.

To do this, we must do is to sell in those markets as a result of the relative cost of our goods in our United States market.

Can we improve our manufacturing competitive by lowering our costs, and by starting a new trend, many manufacturers have been thinking about this in connection with foreign goods in our United States market.

We can. If we can keep our manufacturing costs competitive, we can compete.

First of all, we can reduce the costs of the development and introduction of more efficient cost-saving machinery and methods. This is not a simple matter, it means that industry must have expanded capital investment, and that in itself is important. But when we look at the problem, we see that industry must have expanded capital investment.

Leaders of the steel industry have clearly demonstrated the case for more realistic tax allowances and a reduction in the price of plant and facilities in the steel industry. Broadening this action in this direction could be a fruitful way of improving industry's competitive problem.

Must Engage Inflation

But ultimately the great problem before us lies in halting the growing trend toward inflation. It is indeed ironic that today many well informed economists are more concerned about the stability of the American economy and the American dollar than they are about their own country's cost of living.

As you all well know, the reason behind the waning value of the dollar is simple and complex. All of us are at fault. As a nation, we have been too ready to get into the easy way out of every difficult problem, too ready to get into the easy way out of every difficult problem, too ready to get into the easy way out of every difficult problem, too ready to get into the easy way out of every difficult problem.

The intangible single factor of all has been repeated annual wage gains in excess of producer

F. W. Sharpe Opens

DOUGLAS, Ariz. — Frank W. Sharpe, Jr., Stock, & Bond Broker Inc. has been formed with offices at 917 G Avenue to engage in a securities business. Officers are Frank W. Sharpe, Jr., president and treasurer; Sidney C. Steele, vice-president; Robert J. Reinecke, vice-president; and Gordon G. Sheffield, secretary.
Fiscal Responsibility

Fiscal responsibility toward government service and recognizing the achievements and good points of our public leaders as well as their failures is a necessity. The free and frank talk about how bad conditions are, and how much of freedom of speech, very little is said about how we can improve it. Very little is said about how the national government can improve itself.

Better Organization

One of our real accomplishments has been the Congress of H. R. 9002 which revised various laws and made many important improvements in the Internal Revenue Code of 1939. The American Institute was very helpful in enabling us to get this legislation passed. The secretary of the Treasury and the Director of the Budget are two of the best men in the Treasury Department, and the Director of the Budget is the second big accomplishment this year. Each of these will take a long time to work through, but they are really significant on the whole. It is possible that the people are not aware as yet of the splendid work that the Government is doing. It is possible that the people are not aware as yet of the splendid work that the Government is doing.

Other important accomplishments are the merger of the Office of Defense Mobilization with the Federal Civil Defense Administration, the Federal Reserve Board, and the War Production Board. The Administration has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war and is still providing answers to the problems of the war.

Turning back to agriculture, I want to say that in the past few years, very few changes which would greatly increase our food supply, were made. The administration has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war.

During the past few years, I have sounded a most important warning that the time is about right to put through some far-reaching changes which would greatly increase our food supply. We still have no food responsibility, and in the next year after year for more flexible price supports and lower fixed minimum payments. The administration has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war.

A look at our programs for the reduction of the budget of the government. In the past the government has been through all the old pet schemes of the past and has not been doing its work. The administration has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war.

Consider the housing programs. The government has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war.

The administration has been able to provide some answers to the problems of the war and is still providing answers to the problems of the war.
to a more normal and peaceful existence. I fear that expenditures of other Federal agencies might hastily be increased and that savings unless plans for tax cuts have already been made will not continue to be made.

Mr. A. McGarry, President of the American Stock Exchange, filed a gratuity report for the year ended Dec. 31, 1958.

Mr. O'Connor was re-elected for another three-year term to the Board of Governors of the New York Stock Exchange.

Mr. E. O'Hara, president of the National Association of Security Dealers, has been elected President of the New York Stock Exchange.

Mr. W. Schroeder, founder of the National Association of Security Dealers, has been elected Chairman of the Board.

Mr. R. Pistell, President of the National Association of Security Dealers, has been re-elected for another term.

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Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

One of the best kept merger secrets of recent weeks was revealed December when announcement was made that Guaranty Trust Company of New York, and of J. P. Morgan & Co., Inc., would create a new holding company of the two banks, subject, of course, to the approval of the New York State Banking Department (both are New York State chartered), and to the favorable action of the shareholders in both cases when such local meetings are held.

If the proposed terms present holders of Guaranty Trust Company stock would receive a share of the newly-created holding company, Guaranty Trust Company for each share of Guaranty, and the holders of J. P. Morgan & Co., Inc., would receive 42.30% of the new company for each share of Morgan now held.

Provision is made for an outstanding 6,000,000 shares of $20 par value, and Morgan has 500,000 shares of $10 par. A merger on the proposed terms would result in the merger of the two New York banks and would put the new company in a third place with the Chicago and City banks on the basis of assets and, in fourth place countrywide.

Capital funds, based on the two banks’ statements of condition at the end of the year, would be $108,318,000; deposits, inclusive of time and savings deposits, based on the statements of condition, as of the close of business on the quarter-date, would have been $672,767,000 at the end of each quarter. Earnings on a pro forma basis at the Sept. 30 balance sheet date were $53.12 for 12 months; while Guaranty Trust’s earnings for the 12 months ended at that time was $53.20. The Morgan holder will fare somewhat better as he has received $10.86 annually, whereas the Morgan stockholder, who would be entitled to his $4 annually, whereas the Morgan stockholder, who would be entitled to his $4 annually, whereas the Morgan stockholders of Morgan will yield him $17.60. The announcement of the merger was made in several financial papers that the Department of Justice was not sure that the proposed consolidation with a view to putting the banks on a national basis of operation was consummation of the plan would result in lessened competition. It is believed to be a matter of fact that public interest in such a case, the market could reach, that is the case, market could reach, that is the case, market could reach, that is the case, market could reach, that is the case, even if it would have been reached in the Bethesda; Steel Act, and in the case that the bank might have been temporarily obstructed by a merger work, with the Department of Justice, as a registered representative. Following some years in the investment business, Mr. Pink, a Detroit resident of many years, has more recently been active owner and operator of La Belle Supermarket.

With Manley, Bennett & Co., R. L. Fink is now associated with this well known merchant brokerage firm of Manley, Bennett & Co., Bath Building, members of the New York and Detroit Exchange, and is a registered representative. Following some years in the investment business, Mr. Pink, a Detroit resident of many years, has more recently been active owner and operator of La Belle Supermarket.

With Villis & Hickey

Villis & Hickey, 20 Broadway, New York City, members of the New York Stock Exchange, announced that F. A. Dickenson is now associated with their firm.

NATIONAL AND GRINDALYS BANK LIMITED

National and Grindalys Bank Limited

Head Office:
BISHOPGATE, LONDON, E.C.2

13 ST. JAMES'S SQUARE, W.1

Member of the Banking Alliance in London, New York, Chicago, San Francisco and Buenos Aires

Branches in:
BRAZIL, AUSTRIA, ITALIA, BELGIUM, FRANCE, SAXONY, HAMBURG, BADEN, VICTORIA, BAVARIA, SOUTHERN RHODESIA and SOUTHERN AFRICA

Continued from page 24

German Experiences with Inflation

Bank propagated an increase of the draft and credit business which, of course, had reduced its capital. The bank was largely stopped and later developments proved that the repatriation of the mark was not as favorable as anticipated due to the mark's rapid increase as a result of the efforts of the Reicbbank.

This is Why television automatically reduced the value of the German money even more. And here we see the effect of the loss of confidence in the national currency, which is one of the consequences of inflation.

Inflation

Inflation

Inflation

The bank made a big mistake in not being able to pay its customers on time. The mark was not able to support the debt of the German government and its deficits.

The bank was forced to issue more money and this led to hyperinflation. The mark became worthless and the German people were left with no choice but to abandon it.

The bank also made a big mistake in not being able to control the money supply. The mark became worthless and the German people were left with no choice but to abandon it.

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Prewar days i.e. 20% less compared with the increase of prices. In November 1921, they were 54% less compared with the increase of prices.

And all these figures do not even give the true picture as during the inflation of 1923 it was actually impossible to fix the value of any currency at any moment as it came too rapid.

It is undoubtedly true that the value of wages paid to workers was reduced by 50% of its value in 1914. After the inflation started in 1924 it increased again to about twice the prewar value. For comparing some International figures: in Spring 1922 the value of the building worker in France was 3.5 times higher than that in the inland market in Great Britain. 5.5 and in the U.S.A. 17 times higher.

Another method to demonstrate this development: The purchasing power per head of the population in goldmark was in Germany:

1914: approximately 50 goldmark per annum
1919: approximately 31 goldmark per annum.

But in 1922, approximately 1 goldmark per annum.

The price structure of the German inland market shows also the rapid destruction of the German currency.

The Index for the wholesale trade shows an increase compared with 1914 in 1922 by 20 times.

January 1921: 21 times
January 1922: 42 times
July 1922: 81 times

And in June 1923: 2,654 times

Inflation figures followed, of course, this development and an additional reason was that all enterprises tried to come to a stable basis of calculation, that is to say, to a great extent engaged in a price raising policy which had no more relation to facts but took advantage of an unusual situation.

This then was the short of it as it was possible—a fair picture of the facts of the first German Inflation after World War 1. I am conscious of the fact that I could not give more details in this restricted time but I hope that I have been able to convey to you the reasons, the implications, and the facts. It is obvious from what I said and what the facts prove that this inflation was mainly due to the financial policy of the state and the credit policy of the issuing bank.

Furthermore it is obvious that the attitude of people is dictated by the loss of confidence in the national currency which gives to those who own property and are in business a variety of possibilities to evade somehow the worst effects of inflation even if such attempts of evasion may not always in the end be really successful.

The working man, the people who gave their savings to banks and deposits, of course, were overwhelmed by the overwhelmingly large masses of people who all professions and trades, however, whether in business or workers, whether doctors or civil servants are bound to lose everything they have—have to start from scratch.

It is true that such development cannot be created by full employment nor by wages or wage increases. A real inflation is always the consequence of swelling the volume of money and can only be done by the state and its issuing bank.

Hitler's Inflation

Now let us turn for a short review of the second inflation Germany had experienced before, during and after Hitler started the Second World War.

Inflation was not so obvious at first and it was timely controlled later—but its effects were nevertheless actually the same. It is perhaps even more dangerous to have this type of inflation because it actually starts with an industrial boom and one tries to fight here the symptoms and not the reasons for inflation by introducing a stop of wages and prices and by submitting the whole economy to a strict control.

This reason for the second inflation were, in fact, the same as with the first one.

It started in 1923 by an immense increase of state expenses for armaments. This was not felt at first, because prices and wages were stopped, raw materials were controlled, production was regulated and directed by the state, contingents were fixed for nearly all goods and actually the whole economy was under control of the state for the one purpose: to produce arms, armies and more arms.

During the war and also shortly before it the first consequence was the appearance of the black market—fixed prices in the state controlled economy and scarcity of goods on one side and high and uncontrolled prices in the black market where nearly everything could be got on the other side.

I may be allowed to restrict myself here to these short remarks.

These events are so near to us that you all will remember what your soldiers found when they occupied Germany and the many stories which will have been told by them, to their families, and friends here are much more effective than all the figures I could give.

You know of the hunger and misery of a people who had to pay

What Will Tomorrow's Telephones Be Like?

This country is going to need a lot more communication service in the years ahead. Matter of fact, the need is with us right now.

Just the great increase in population (there will be 40,000,000 more people in the U.S. by 1970) means that we'll be stepping right along to keep ahead of our customers' needs.

The greatest progress will come, as it always has, from the Bell System's unique concept of unified research, manufacturing and operation that has given this country the best telephone service in the world.

A vital part of this concept is always to look ahead and not back. Many new things are already before or in sight.

New instruments will provide an ever-widening choice for our customers. Improvements in transmission and the development of electronic switching will make our services faster and more versatile.

There are some tremendous possibilities in the use of telephone facilities for enabling business machines to communicate with each other—no matter how many miles apart. Great volumes of data of all kinds can be transmitted automatically over telephone lines at high speed.

We also have the prospect of providing picture channels for many purposes, in addition to the present networks for television broadcasting.

How far we go, and what we are able to do, depends on money. To make the best progress and apply it to the greatest advantage of everybody, the Bell Telephone Companies must be in good shape financially.

In all lines of business it is the companies whose earnings are good that are able to make the best products, provide the best service and give the best values.
German Experiences with Inflation

The same effect. The volume of money was inflated.

This does not mean that our government should abandon all those responsible for having failed to prevent such a thing happening for anything material for a whole community.

I may be right, but I wish you to see that, whatever may have been the cause of the inflation, the government is primarily responsible for allowing those responsible to commit such an act of the nation's wealth. And, when the nation's wealth has been destroyed, the government is responsible for the destruction.

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Tightening Money Markets Depicted for 1959

In its annual projection of bond market prospects, Standard & Poor's analysis of sources and uses of funds reveals continuing pressure for funds which has been evident in second half of 1959 compared to second half of 1958.

Long-term interest rates will remain high and the money markets under pressure of increasing demand for funds. These are the conclusions reached by Standard & Poor's Corp. in the annual study of bond market prospects for 1959.

Demand for credit will rise about 46% in the coming year, bank analysts found. The increased banking activity results estimated. Major increases will be in corporate demand, related largely to a "short-shunt from inventory liquidation" to accumulations.

Presenting a detailed table of "sources and uses of funds," bank analysts also expected to be a sharp jump in "investment" by Government requirements, while remaining large, may be little changed from 1958.

Treasury efforts to lengthen the debt, nevertheless, will exert pressure on the bond market. The timing of these and other involvements and the reaction to this measure determined by policy decisions of the Federal Reserve Board.

"Nobly, probably not even Board Chairman Martin, can be sure what these will be," the study concludes. "However, the authorities have made it clear that they are still deeply troubled about inflation, and have implied that the monetary expansion they permitted during 1953-57 is sufficient to support near-term economic growth."

"If business improves to the extent forecast, any change in monetary policy may be brought about by fiscal means, which could result in money and capital market congestion."

Sources and Uses of Funds in the U.S. Economy

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Semi-Annually - Billions of Dollars</th>
</tr>
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<tbody>
<tr>
<td>Federal Government</td>
<td>47.6</td>
</tr>
<tr>
<td>State and Local Governments</td>
<td>14.9</td>
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<tr>
<td>Business Corporations</td>
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<tr>
<td>Mortgage-Related</td>
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<tr>
<td>Savings Institutions</td>
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<td>Trusts and Estates</td>
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</tr>
<tr>
<td>Total</td>
<td>68.9</td>
</tr>
</tbody>
</table>

* Estimates of interest
  * Municipal, industrial, and non-profit institutions, insurance companies
  * Exclusions: Government and agency holdings.
  * Excludes state and local holdings of their own and other state and local issues.
  * Excludes direct investments.

Chicago Analysis

Forum on Drug Industry

CHICAGO, Ill. — The Investment Analysts Society of Chicago, on April 15, will hold a forum at the Midland Hotel on "The Production, Possibilities and Problems of the Chicago Drug in the Post-War Era." Program schedule is as follows:

(Adams Room):
Morning Session: 10:30 to 11:30 a.m. "Steroid Drugs," Francis C. Brown, President, Schering Corporation.
(Ballroom): Luncbion: 12:00 to 2:00 p.m. "Health Problems and the Economic Development," Dr. Thomas P. Carney, Vice-President, National Bank of Commerce and control, Eli Lilly and Company.
(Adams Room):
Second Afternoon Session: 3:30 to 4:30 p.m. "Chemotherapy of Viruses, Anti-convolulants, Hypnotics, and Sedatives," Charles J. Xern, President of research and development, Wyeth Laboratories.

Our Reporter on Governments

By JOHN T. Crippendale, Jr.

The Government market, after finishing a very defensive year in 1958, is waiting for the impending new money raising operation of the Treasury, the terms of which should be made public today (Jan. 9). The big question which has been answered is whether or not current quotas have discounted the amount, the coupon rate, and the maturity of the securities, which will be a guide to the market's reaction to the offer. One which the Federal district believes the Treasury will offer in order to raise the needed funds which will be used to meet the deficit.

The demand for short-term issues is still sizable and this section of the money market continues to be widely read as early. However, it is reported that certain corporations that have been large buyers of the short-term issues have said that this interest is likely to decline in the near future. The action of the monetary authorities is being watched very closely by Wall Street to see where it will come, but at the same time there will be any changes in policy now that the year-end demands have been met.

New Money Issue Details Out Today

The way in which the Treasury will raise its new money, and the amount involved, should be made known today. The decision as to the various advisory discount groups, namely commercial banks, the savings banks, the savings and loan associations and the insurance companies have been concluded, and this has resulted in opinions that a longer-term obligation will be offered by the Government in its new money raising venture.

The belief is strong that the new issue or issues which will be introduced to the market by the Treasury will be very much along orthodox lines, in short, large issues; it is expected that the Treasury will not insist on the new money raising obligations to get the hands of speculators to any large extent. The maturity is expected to be several years, and it is expected that the number of years will be specified. In the event that this is not so, the Treasury may have to make up for it by other means, such as discounting the securities, or by a subsidiary issue. It is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

The action of the monetary authorities is being watched very closely by Wall Street to see where it will come. The Treasury is expected to offer a new obligation with a maturity of several years, and it is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

Real Long-Term Issue a Possibility

Reports are being circulated to the effect that the Treasury may offer a split offering in the new money raising operation, with a large portion of the funds going to the short-term issues, and a smaller portion going to the long-term issues. It is expected that the Treasury will make a decision on this matter soon, and it is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

As against this real longer-term bond talk, comes the opinions that a bond with a maturity of 10 years or 15 years will be issued. It is expected that the Treasury will decide on this matter soon, and it is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

On the other hand, there are some pension funds that must consider the matter of the Government bond, and it is expected that the Treasury will decide on this matter soon, and it is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

Then Comes the February Refunding

After the new money raising operation of the Government is out of the way, there will be the February refunding which will include the redemption of another package deal. It is expected that the amount of this particular refunding will be raised as much as the current one, and it is expected that the Treasury will decide on this matter soon, and it is expected that this money will be used to pay off the short-term obligations, which are due in a matter of days, possibly by the end of the month.

The rest of the offering will be open to the Treasury to decide on, but it is expected that there will be no changes in policy now that the year-end demands have been met.

Chas. E. Quinncy & Co.

Admits Two Partners

Philip V. Mohan and John H. Exceller have been admitted to general partnership in the investment firm of Chas. E. Quinncy & Co., 23 Broad Street, New York City, specialists in United States Government securities, and members of the New York and American Stock Exchanges. The Quinncy organization was founded in 1887.

Mr. Mohan was formerly a Vice-President of the First Boston Corporation, and Mr. Exceller has been associated with that firm for 20 years.

Mr. Exceller's admission to partnership coincides with his 25th anniversary with Chas. E. Quinncy & Co., where in his many years of association he held managerial and administrative posts, including successively, positions as chairman, cashier and assistant office manager.

William Lucas Joins Phelps, Fenn & Co.

Phelps, Fenn & Co., dealers in state and city bonds, holding Authority securities, and revenue and corporate bonds, announced on Thursday that the William E. Lucas, has joined their organization.

Mr. Lucas was formerly a partner in Baxter & Company.

H. E. Hoffman Partner

H. E. Hoffman, 52 William Street, New York City, has been appointed partner to John L. Delaney to partnership.

Mitchum, Jones Branch

SANTA BARBARA, Calif. -- Banks here have opened a branch office at 292 State Street under the management of Ralph G. Dalton.

Specialists in

U.S. GOVERNMENT

and

FEDERAL AGENCY

Securities

AUBREY G. LANTSTON

& CO.

INCORPORATED

20 BROAD STREET

NEW YORK

CHICAGO

Boston
Some Reflections on a Tour Of Duty in Washington

gies to the author of "The Affluent Society"—with the efficient matching of limited resources to the needs of the populace. Dr. Fred. A. Young once defined the electron as the "material of mankind." The last line of the poem, "But is the last line of the poem," is a tasking, to which this goal is inextricably linked, governments today are commonly considered with the wide range of issues that are of concern. Daily bread. Hence, trained personnel who can assist policy makers must be particularly aware of the signs of the times and in gauging The climate of opinion that is the best policy to touch the intricate web of public service. In such a climate, experts have an opportunity to play a key and growing role.

Policy makers, and perhaps even more broadly, the public, can be of great help to policy makers if they are accurately described as a national economic situation—to get out of the facts from the word's viewpoint, to get at the facts, and to judge and predict in which they can be estimated. This process is essential to the task of defining the problem and of asking the right questions about it. It is here that the economist is especially well equipped to help. As an economist, it is his business to ask, and ask again, and ask as long as possible, questions.

Next, the economist can understand that the problem is not a question of the present but of the future and that the most essential is at a time when narrow interests are well articulated and strongly expressed and when the informal languages from the simple fact that it is the growth of mankind's—probably nobody's—business.

Further, the economist can assist policy makers to set priorities by making a choice of alternatives, and to evaluate their performance at a particular time.

Finally, the economist can provide guidance as to the possible consequences of the choices that are being made. The economist's work is never done. He is always in search of new paths to solution. All the available evidence shows that the process of defining the problem and of asking the questions about it is an uncertain process. It must be carried out, too, with a candle and a compass. It must be carried out by the investigator, a factor that can be defined in many different ways but by emphasizing statistics in the analysis.

The Non-Economic Influences

Having performed the first task faithfully and well, an economist will have become aware of what he may have suspected but never knew from his own experiences: that every situation that he is trying to analyze is dependent on an uncertainty of some kind. It must be remembered that most of the situations that we are not sure about is the event that is not only the no, nor the major, but the major uncertainty, is that of the decisions on public policy. Trump is an event that is not only the no, nor the major, but the major uncertainty, is that of the decisions on public policy. Trump is an event that is not only an event, nor the major, but the major uncertainty, is that of the decisions on public policy. Trump is an event that is not only an event, nor the major, but the major uncertainty, is that of the decisions on public policy. Trump is an event that is not only an event, nor the major, but the major uncertainty, is that of the decisions on public policy. 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The Commercial and Financial Chronicle

Volume 189 Number 5810

$200 Million N. Y. State Power Bonds Marketed

The nationwide syndicate of about 40 banking houses, managed by Dillon, Read & Co., is scheduled for Keuhn, Loeb & Co., and W. H. Morton & Co., Incorporated, of New York, and an issue of $200,000,000 Power Authority of the State of New York, general revenue bonds, series E.

The issue consists of $188,000,000 of 4.25% term bonds in 1928, which are priced at 100% of the face value of the bonds, maturing on Jan. 1, 1963 to 1977, which are priced at 100% of the face value of the bonds and are to be offered to the public for subscription at the first call for maturity.

The sale of the series E revenue bonds is the first public offering in an overall financing program which will involve the raising of approximately $270,000,000 to complete the Power Authority's Niagara project now under construction. The Niagara project will be completed with the Authority's $62,000,000 Salton Sea project, and the two together, when completed, will form one of the biggest and most important developments in the world. The Salton Sea Project, the San Diego Project, and the Niagara Project are all parts of the Authority's total expansion, and the Niagara Project is scheduled for completion by June 30, 1963.

The net proceeds to the Authority will be used in paying $100,000,000 of bond anticipation notes (now outstanding) and to pay part of the development costs of the project, including payment of the newly issued $41,200,000,000, representing interest on the series E bonds through Dec. 31, 1928. It has been decided by the Authority that the Authority had unexpended funds of approximately $10,000,000 from the sale of such notes available for the cost of construction.

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Commodity Exchange, Inc.

For the New President


Commodity Exchange, Inc., New York, has announced the election of Algie. A. Joye, chairman; of the Board of Trade of Commodity Exchange, Inc., New York, and included an election of officers of the Exchange.

The new President of the Commodity Exchange, Inc., New York, has announced the election of Algie. A. Joye, chairman; of the Board of Trade of Commodity Exchange, Inc., New York, and included an election of officers of the Exchange.

The Commodity Exchange, Inc., New York, has announced the election of Algie. A. Joye, chairman; of the Board of Trade of Commodity Exchange, Inc., New York, and included an election of officers of the Exchange.

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The 1959 Economic and Investment Outlook

The likelihood of severe international inflation has increased to a number of strikes, a continuation of which would likely lead to a further deterioration in the export markets.

There is every indication that the nation's Gross National Product will expand at a rate of about 6.5% in 1959, with a wide margin in 1959. As against a figure of 6.0% for 1958, and an estimated total of approximately $471 billion for 1959, the total may rise to about $460 billion and possibly continue to rise.

Notwithstanding the business recession, disposable personal income is now estimated to be about $15.5 billion in 1959 as contrasted with $30.1 billion in the previous year. A new high of $325 billion or more should be reached in 1959. Inflation, one observes, should reach at least $305 billion in 1959 and $355 billion in 1959, and $395 billion in 1959. The industrial activity of the economy in the postwar era has been the high level of consumer spending, which continued despite setbacks in the national income.

Industries

The Federal Reserve Board combined index of industrial production, seasonally adjusted, declined in December by 1.4% from the December level. A seasonally adjusted index of 126 last December to 125 last December every month. The average for the year will doubtless be 134 compared with 136 in 1959 or a little over 1 million above that of 1959 in 1958.

The major industries are expected to record considerable improvement in 1959 as compared with 1958. The total output in 1959 will amount to at least 145 billion tons, as compared with about 145 billion tons for 1959. Anticipated increases are expected for copper and lead and zinc.

On the evidence of the improvements expected in the automobile industry, an output of 145 billion tons in 1959 is anticipated. Shipments of passenger cars are estimated at about 145 billion tons, of which about 20 million tons would be in Canada. In 1958, with a relatively low level of output, the ratio was about 20-25% lower than in 1958, this industry could make an important contribution to the improvement in the gross national product and the increase in disposable personal income.

In the petroleum industry, domestic demand in 1959 should increase from 4% to 4.5% over 1958. This increase, however, would be more than offset by a sharp decline in the exports of 145 billion tons. Domestic plus exports should account for a total of 145 billion tons in 1959 with a decline of 1.5% now expected for 1959. The rate of increase in the value of output is estimated to be about 10%, and the industry will contribute about 10% to the gross national product over 1958. Demand in the firearms industry is expected to increase significantly in the United States with a 10% increase in 1959. The expectation is that the United States will import about 10 million tons of steel in 1959, a 10% increase over 1958.

On the evidence of the rise in the number of strikes, the United States is expected to increase its imports of steel in 1959, with a 10% increase over 1958 of about 1,300,000 units as compared with 1,160,000 in 1958. High pressure selling is expected to continue, with a net increase of over 150,000. Increased spending for schools, public and private utilities, and construction may account for some of this increase. However, the steel industry is likely to be below the 1958 levels while industrial expansion continues to be disrupted. An increase in exports may be expected, but it is doubtful that record profits will be achieved. Volume output of chemicals and plastics in 1959 should be 7-9% greater overall than in 1958. In chemicals-plastics are not currently overvalued but increased demand should be reflected in an immediate boost in production. While 1958 should be a year for the industry to expand its production of products, it is doubtful that record profits will be achieved. Inventory accumulation of such magnitude, should be considerably better than in 1958.

Inventory Accumulation

The Federal Reserve Board analyses the inventory of the outlook for some of the major industries in 1959 is generally favorable. Manufacturing industries. The vigorous increase in the 1958 reflationary industrial trend initiated by industry generally late in 1957 has been maintained during the first quarter of the year. Retail sales and consumption are now essentially at the 1958 level. With consumer spending on a high and rising scale, the assumption is that the demand for inventories will be so strong that a period of inventory accumulation will result in 1959 for wholesalers and retailers. As against an over-all inventory liquidation in 1958, inventory accumulation in 1959 will probably aggregate $2.5 billion in 1959.

Consumer prices are likely to fall in the course of the year. Although the Department of Housing and Urban Development's index of prices is expected to fall early in 1959, wage increases as the year progresses will reduce the gains in prices for the so-called ordinary consumer. The price of most goods in the cost of living index is set to decline.

Disturbing Outlook Factors

While the business outlook for 1959 is generally favorable, there are several factors which are disturbing. Most important among these are the current political psychology which seems to have crept into the thinking of individuals in all walks of life. People worry over the break of the price-wage spiral, the pressures on the tax cut, and a growing reluctance to spend. They also see a growing number of foreign products which can be bought for less, and many of the prices are set higher for goods and services in Canada. We must wonder how the people, who are now changing their buying habits in this direction, will react in the face of a possible strike. It is clear that careful selection of substitute products will be of great importance in the expanding market for goods and services, and that this is what the market is doing. It is also clear that careful selection of substitute products will be of great importance in the expanding market for goods and services, and that this is what the market is doing.

Judging by past benchmarks, it is clear that careful selection of substitute products will be of great importance in the expanding market for goods and services, and that this is what the market is doing. It is also clear that careful selection of substitute products will be of great importance in the expanding market for goods and services, and that this is what the market is doing.

Government Bond Prices

In contrast to the high level of stocks prices, long-term U.S. Treasury bond prices have declined substantially the lowest price for the year, with a 10% decline. Such securities reflect the fear on the part of institutional and private investors that the price decline may continue. If the full effect of the price decline is not felt, it will probably be only a 5% decline in the price of the dollar. Sometime during the year, the price of the dollar may rise to about $80 million and $85 million, respectively.

Can Develop With Help

The first phase of the investment program for Alaska and the extreme northeastern portion of Canada is known on the Pacific Coast, is now awakeni

Alaska: Beckons: "Go North, Young Man, Go North!"
visions of the Statehood Enabling Act of the State to select as a free grant 103,400,000 acres of public land in Alaska and the Territory, under the provisions of the act. The grant has few strings attached and is both good and very restrictive. The granted area will cover more than twenty-fourth of the land area of the State of California. In addition, there is a provision for economic compen-

sation for the loss of state revenue that would otherwise have been realized from taxes levied on the remainder of the state.

Congress will be called upon to consider this land transfer, and it is hoped that it will be approved by the end of the current session.

The political and economic implications of the land grant are significant. It is expected that the grant will provide a substantial economic boost to the state and will help to stimulate economic growth in the region.

The grant also has implications for environmental conservation. The state is home to a rich diversity of wildlife and natural resources, and the grant provides a mechanism for protecting these resources for future generations.

It is anticipated that the grant will be supported by a significant portion of the state's political leaders and that it will receive broad support from the public.

The grant is expected to be a significant milestone in the history of the state, and it is hoped that it will mark the beginning of a new era of prosperity and growth for the state.

The grant is expected to be a significant milestone in the history of the state, and it is hoped that it will mark the beginning of a new era of prosperity and growth for the state.
News About Banks and Bankers

The Board of Trustees of Drydock Savings Bank has just announced the election of Harry F. Andrews as Vice-President, effective January 30. In his new capacity, Mr. Andrews will have responsibility for banking floor operations in all five branches.

Mr. Andrews, who had been an Assistant Vice-President since 1946, served also as manager of Drydock's new Seventh Avenue branch from its opening in December 1957, until now. He had previously been associated with operations in the bank's Second Avenue, Delaney Street and Avenue C offices on the lower East Side.

The First National City Bank of New York

The First National City Bank of New York has announced the following promotions:

- Alfred M. Olsen and Frank M. McKee have been promoted to Executive Vice-Presidents.
- Harry F. Andrews will continue as Cashier of the Bank with the addition of Carl F. B. L. Schneid, Richard A. Dornell and William V. O'Brien as Assistant Vice-Presidents.

The Chase Manhattan Bank, N. Y.

The Chase Manhattan Bank, N. Y., has announced the following promotions:

- Plan of Merger together with certificate of compliance of the respective corporation for the merger of the American National Bank and Trust Company of New York State Banking Department.

First Bank & Trust Company of Utica, N. Y., was granted permission by the New York State Banking Department to open a new branch in the Utica area.

The Keynote of the Week

The Dime Savings Bank of Brooklyn, the oldest savings bank in the world and the oldest corporation in Brooklyn or its environs, celebrates its 100th anniversary year.

The National Bank of New York

The National Bank of New York has announced the following promotions:

- Harold H. Schaefer, Jr., has been promoted to Assistant Vice-President.

The New York Trust Company

The New York Trust Company has announced the following promotions:

- Robert S. Smith has been promoted to Executive Vice-President.

The Marine Midland Trust Company

The Marine Midland Trust Company has announced the following promotions:

- Robert S. Smith has been promoted to Executive Vice-President.

Brook Brothers Bank & Trust Co.

Brook Brothers Bank & Trust Co. has announced the following promotions:

- Robert S. Smith has been promoted to Executive Vice-President.

The Lafayette National Bank of Brooklyn has announced the following promotions:

- Alfred M. Olsen and Frank M. McKee have been promoted to Executive Vice-Presidents.
- Harry F. Andrews will continue as Cashier of the Bank with the addition of Carl F. B. L. Schneid, Richard A. Dornell and William V. O'Brien as Assistant Vice-Presidents.

Kings County Trust Company

Kings County Trust Company has announced the following promotions:

- Plan of Merger together with certificate of compliance of the respective corporation for the merger of the American National Bank and Trust Company of New York State Banking Department.

The First National Bank of Washington, D.C.

The First National Bank of Washington, D.C., has announced the following promotions:

- Harold H. Schaefer, Jr., has been promoted to Assistant Vice-President.

The State of Trade and Industry

The auto industry is scheduling its January production 22% above the year-ago level, "Ward's Automotive Reports" announced today.

It is estimated that plans are to build 580,000 passenger cars in United States and Canada during January compared with 493,837 in the same month in 1958.

The need for extra-hour daily operations and Saturday overtime, noted heavily during December, should persist, it is pointed out.

Industry operations during the week reflected the higher level of operations, with domestic plants worked 7,831 hours as compared with 7,653 in the same week a year ago. Two weeks ago the total was 15,212.

Orders for steel mill capacity in 1959 appears somewhat optimistic and undoubtedly will not be attained. Only the Big Three in the market place in intensive drives for business.

Steel Output Set at Highest Level Since First Week of October 1957

Steelmakers got off to a good start last week on a projected 110,000,000 ton production year, with 85,000 long tons of steel being poured in the industry.

The National Steel Association reported that the output was "Steel" magazine reported on Monday of this week. Although the production of 85,000 was somewhat lower than anticipated, the net gain climbed 6 points to 75% of the 1958 capacity.

Steelworks operations in ten out of 12 districts were up. District rated at 75% or less included St. Louis, Mo., at 60% as compared to 72, 1958.

No steel shortages are reported, unless consumers panic, and stable prices are expected for at least the first half. If the USW wins a costly package, base prices may be ready for the 1960 summer, "Steel" declared.

Also in the steel picture is the consumption by the automotive, construction, petroleum, machinery, farm implement, railroad, appliance and container industries.

With better business ahead, all major steel consuming industries will use more steel this year, the magazine continued. Some industry prospects that construction expects a record $53 billion in 1959, up from $49 billion in 1958.

Automation will increase to 5 and 6 million cars and 1 million trucks (comparable with 4,500,000 cars and 780,000 trucks in 1958). Machine tool sales should reach about $3,600,000,000 this year, with a major proportion expected in the industrial machinery purchases of the new products.

Chromatic machinery prices are expected to gain by 10%, with 1958 production through to 1959 at about $2,500,000,000.

Nonferrous production is expected to come through one of their best fourth quarters in history and see little if any decline in 1959, with a slight growth in 1960 equal to that in 1957. Demand will go up and prices will be more stable than in prior years. Supplies will be adequate, although it may take longer to get new orders than in the past.

"Steel's" price composite on steelmaking scrap held at $29.66 a gross ton. The price cut in rising steel operations will put new strength into the market.
**Securities Salesman's Corner**

**BY JOHN DUTTON**

### Servicing Accounts

As you build your investment clientele you will soon discover that the demands upon your time will increase to such an extent that the usual pattern of your work must be drawn a line between the more important and the less important. Not only will some people wish to help on their investments but others to help on their personal problems. By doing so your time you will not have it for the necessary work of serving your most productive and deserving customers.

Running a small investment business will know what I mean when I say that "back office" details have brought them down. The same is true of customer complaints that you must handle in the hours and hours out of each week's limited working time to serve the public. You must control your time and, may I add—your conscience. You should have time to think calmly, plan, study customer accounts and your own resources. If your day is going to be filled with an endless series of meetings with people who constantly want information concerning some tip on a stock that they hope will make you rich, or people who want to make you rich and give you no guarantee, be sure that you do not waste your time if you want to make a profit for your firm. Keep an eye on the II & EC and on the “second chance” that is important.

**The Time Wasters**

I think it is better to lose certain small accounts, or potential accounts, whose time is not worth the chance of a possible referral from these people, if, in these accounts, time is wasted or service out of proportion to the amount of compensation that may be expected. You are not discouraging small accounts, just those that waste your time.

### Post-Christmas Trade Volume Noticeably Over Year Ago

Although the usual post-christmas sales decline occurred the past week, consumer buying was better than expected. Clearance sales are not as noticeable as those of a few years ago and buying gained over a year ago. Best-sellers were men’s and women’s winter apparel, television sets, linens and housewares. Although sales of new automobiles were about the same as for the preceding week, the considerable decline in prices, lard prices, fell somewhat during the week.

**The Lonely Hearts Club**

In the securities business you also accumulate a large number of people you hate—such as a “nasty” egg—and have time to talk. Some of these people are just plain nuts and are constantly phoning you for dividend information, etc., about which you are not the least interested, and if you don’t—you are quite likely to have your account canceled. I refuse to accumulate these people.

### Wholesale Food Price Index

Increased Somewhat Last Week

Although the wholesale food price index, compiled by Dun & Bradstreet, Inc., did not increase slightly in the past week, it remained unchanged from the previous week. On Dec. 29 the index was $6.33, down 0.5% from the $6.33 a week earlier, but up 0.5% from the $6.22 of the comparable date last year. The high of $6.50 was registered for the week ending Dec. 28, 1957, and the index for the comparable period of this year was $6.05, or 0.2% below the 1957 level.

**The large increases shown for this week reflect in part the fact that this year Christmas was on Thursday and the week therefore included three days of heavy pre-Christmas shopping; in the corresponding week last year Christmas was on Wednesday.**

### Wholesale Commodity Price Index

**Edged Moderately Lower the Past Week**

The general commodity price level declined moderately last week, according to the results of the wholesale, retail and stock exchange data released by the Department of Commerce and the New York Stock Exchange. The commodity price index was 6.33, down 0.5% from the 6.33 a week earlier, but up 0.5% from the 6.22 of the comparable date last year. The high of 6.50 was registered for the week ending Dec. 28, 1957, and the index for the comparable period of this year was 6.05, or 0.2% below the 1957 level.

**Greenfield & Co., Inc., of New York City, are publicly offering their new issue stock (tan 10 cent) per share. This stock is being used for acquisition of additional gas and oil interests and corporate share purchase. The office of the company is located at 135 West 46th Street, New York, N.Y.**

**With Westmore Bank**

**DAYTON, Ohio — George W. Palmer is now with Westmore Bank.**

**The Commercial and Financial Chronicle**

**Volume 189, Number 5018**

147,633,579 net tons compared with actual production of 17.6% for the week before, based on utilization of Jan. 1, 1958, annual capacity of 15.7%.

For the like week a month ago the rate was 123.6% and production 1,935,000 tons. A year ago the actual weekly production was placed at 1,250,900 tons or 94.3%.

The type of production is based on average weekly production for 1949-1958.

Electric Output in Post-Christmas Week Eased Slightly Below Level of Prior Week

The amount of electric energy delivered by the electric light and power companies for the week ended Jan. 5 was increased by 3.4% over an year ago and was increased by 672,000,000 kwh. that of the comparable 1958 week and by 605,000,000 kwh. above the that of the week ended Jan. 5, 1957. Car Loadings Dropped 24.3% Under Preceding Week

Total car loadings for the week ended Dec. 27, 1958 were 135,989 cars or 24.3% below the preceding non-holiday week. Loadings for the week ended Dec. 27, 1958, which included the Christmas season, registered 103,000 cars, or 5.5% above the corresponding 1957 week, but a decrease of 55,680 cars, or 11.4% below the corresponding week in 1956.

Auto Industry Scheduling January 1959 Output 22% Below Certain Dates Last Year

Passenger car production for the week ended Jan. 2, 1959, according to "Ward's Automotive Reports," is scheduling its January 1959 output at 1,600,000 units. Last week's car output totaled 97,919 units and compared with 140,407 (revised) in the previous week. The past week's production totaled 575,041 units, or 11,295 units, or 4.5% above the corresponding 1957 week, and a decrease of 3,620 units below that of the previous week's output, stated the magazine.

Last week's car output dropped below that of the previous week by 7,088 units, while truck output declined by 1,722 vehicles in the seven business days ending Dec. 27, 1958. During the week ending last year 70,653 cars and 12,617 trucks were assembled.

Lumber Shipments Fell 3.7% Below Output in the Holiday Week Ended Dec. 27, 1958

Lumber shipments of 461 reporting mills in the week ended Dec. 27, 1958, were 1,251,184 units or 3.7% below the comparable 1957 period. The amount of lumber produced was 1,295,081 units, or 2.9% above the comparable 1957 period.

Business Failures Continue Holiday Decline

Commercial and industrial failures continued to drop in 1959 in the week ended Jan. 1 from 185 in the preceding week, Dun & Bradstreet, Inc., reported. The total for December, 28, 1958, casualties were considerably less numerous than in 1957 the year before when 424 were recorded. Casualties for the 52 weeks ending Dec. 28, 1957, were about one-half as many as businesses ascended in the similar week of the year 1958 which was 312.

The total number of business failures for the week ended Dec. 28, 1958, was 109, or 12% more than the previous week. Seasonal variations occurred from the comparable 1957 periods by the following percentages: Atlantic and South Atlantic States +7 to +11%; New England and Pacific Coast +3 to +7; East Central, South Central and Mountain States +2 to +6; and the Far West -2 to -. 5. The total number of failures for the 52 weeks ended Dec. 28, 1958, was 1,942, or 21% below the comparable 1957 period, as of the year 1957.

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Securities Now in Registration

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents) for underwriting purposes. Proceeds—To development program; and for equipment and working capital. Office—4130 Howard Ave, Kenmore, N.Y. Underwriter—Shields & Co., New York.

Alaska Juneau Gold Mining Co.


All-State Properties Inc.
Dec. 28 filed $689,743 shares of capital stock (par $1) to be offered for sale to stockholders of the rate of 1½ new shares for each share held (for a 1½-day standing. Price—$2 per share. Proceeds—For additional working capital and new acquisitions. Office—3920 Avenue B, Park & 57th Y., Underwriter—None.

American Asiatic Oil Corp.

American Athletic Club.
Nov. 13 filed 5,000 shares of common stock, of which 4,455,455 shares of this stock are to be offered for public sale at $10 per share. (Shares have been issued or are issued on a three-day standing and are issuable under agreements with various policy holders in America of Death & Disability Life Insurance Co. of the Phoenix) admitting them to purchase at $1.25 per share. Salespersons have been issued for the sale of 1,000 shares per share to the amount of commission they receive on stock sold. Price—At ½ cent per share. Underwriter—Office of other branches offices, both in Arizona and in other states. Office—111 East Roosevelt, Phoenix, Ariz. Underwriter—None.

American Caribbean Oil Co. (N.Y.)
Dec. 17, 1957, filed 400,000 shares of common stock. Price—To be issued by amendment. Proceeds—To discharge current liabilities and to drill in wells. Underwriter—None.


Nov. 27 filed 500,000 shares of common stock. Price—To be offered on 5-day standing. Proceeds—To investment companies. Office—5000 North Broadway, Denver, Colo. Underwriter—None.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 400,000 shares of common stock. Price—$10.20 per share. Proceeds—To be used for investment of funds. Company may develop shopping centers and build or purchase office buildings. Office—300 Woodward Blvd, Oakland, Calif. Underwriter—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

American Teleman Service, Inc.
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). Proceeds—To be used for purchase of equipment and supplies and for working capital and other corporate purposes. Office—2801 Lake City, Utah. Underwriter—Amos Treat Co., Inc. of New York.

A nowrap Change In Name—Formerly United States Teleman Service Co., Inc. of Michigan and formerly in New York.

Arnold Aluminum Co. Inc.
Jan. 5 filed 250,000 outstanding shares of common stock. Price—To be sold by amendment. Proceeds—To

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The Commercial and Finance Chronicle    Thursday, January 8, 1959

INDICATES ADDITIONS SINCE PREVIOUS ISSUE
ITEMS REVISED

-85-
NEW ISSUE CALENDAR

January 8 (Thursday)  
San Diego Gas & Electric Co.—Debentures (10:30 a.m. CST) $2,000,000.

January 9 (Friday)  
Silicon Transistor Corp.—Common

January 12 (Monday)  
Natural Gas Service Co.—Debentures & Common

January 25 (Monday)  
Telegraphers' Union & Electric Co.—Preferred

January 26 (Monday)  
Rockcliff Aluminum Co.—Common

January 31 (Saturday)  
New York & Texas Central Ry.—Common

February 1 (Tuesday)  
Southern California Edison Co.—Common

February 2 (Wednesday)  
Southern Natural Gas Co.—Bonds

February 1 (Thursday)  
Rockland-Atlas National Bank of Boston—Common

February 1 (Thursday)  
Hone Owners Life Insurance Co.—Common

February 1 (Thursday)  
Central Hudson Gas & Electric Co.—Common

February 1 (Thursday)  
Central Illinois Public Service Co.—Bonds

February 2 (Tuesday)  
Bloomon Hydratene Gas, Inc.—Debenture & Common

February 4 (Thursday)  
Southern Pacific Co.—Common

February 17 (Thursday)  
Public Service Co. of Indiana, Inc.—Bonds

February 25 (Wednesday)  
Illinois Bell Telephone Co.—Bonds

March 4 (Tuesday)  
Sulphur Springs Valley Ry.—Debenture & Bonds

March 10 (Monday)  
Lake Zone Oil Co.—Bonds

March 21 (Saturday)  
United Pacific Aluminium Co.—Common

January 28 (Wednesday)  
Southern States Utilities Co.—Bonds

February 1 (Thursday)  
Gulf States Utilities Co.—Bonds

February 25 (Wednesday)  
Pennsylvania Power Co.—Bonds

April 2 (Thursday)  
Sulphur Springs Valley Ry.—Debenture & Bonds

May 28 (Thursday)  
Southern Electric Generating Co.—Bonds

September 10 (Thursday)  
Georgia Power Co.—Bonds

Michigan Bell Telephone Co.—Debentures

Montana Power Co.—Bonds

Pennsylvania Power Co.—Bonds

Southwestern Bell Telephone Co.—Debentures

Consolidated Edison Co. of New York, Inc.  
Dec. 23 filed for registration of stock debarred due to the $100 principal amount of debentures for each 25 shares of preferred stock. Rights to rights expire on Feb. 13. Price—100% (flat). Proceeds—To repay short-term bank notes, and for additions to utility plant.

Rockland-Atlas National Bank of Boston—Common

Southern California Edison Co.—Common

Southern Natural Gas Co.—Bonds

Rockcliff Aluminum Co.—Common

Hone Owners Life Insurance Co.—Common

Central Hudson Gas & Electric Co.—Common

Central Illinois Public Service Co.—Bonds

Bloomon Hydratene Gas, Inc.—Debenture & Common

Southern Pacific Co.—Common

Public Service Co. of Indiana, Inc.—Bonds

Illinois Bell Telephone Co.—Bonds

Lake Zone Oil Co.—Bonds

United Pacific Aluminium Co.—Common

Southern States Utilities Co.—Bonds

Gulf States Utilities Co.—Bonds

Pennsylvania Power Co.—Bonds

Southwestern Bell Telephone Co.—Debentures

Postponed Financing

Michigan Bell Telephone Co.—Debentures

Montana Power Co.—Bonds

Pennsylvania Power Co.—Bonds

Southwestern Bell Telephone Co.—Debentures

Consolidated Edison Co. of New York, Inc.  
Dec. 23 filed a maximum of $50,778,600 of convertible debentures due Aug. 15, 1978, to be offered for subscription by holders of preferred stock, payable in cash. Proceeds—To retire maturing certificates of indebtedness; redemption of maturing certificates of indebtedness prior to maturity and of 5% preferred stock; the possible improvement and expansion of present facilities; the installation of new and upgrading plants and crude oil properties if favorable opportunities therefore arise. Underwriter—None.

Consorts Power Co.  
Dec. 8 filed 25,000,000 shares of preferred stock (no par), $25 par value. Proceeds—To pay short-term bank loans and for expansion and improvement of facilities. Underwriter—Morgan Stanley & Co., New York. Statement has been withdrawn.

Gorewereld Steel Co.  
Dec. 19 filed (letter of notification) an undetermined number of shares of common stock (par $3) to be offered to the public by underwriting house of Commercial Securities Inc. Price—At average cost per share purchased on the New York Stock Exchange and on the Pacific Coast Stock Exchange at $6. Underwriter—Blyth积极推进.

Counselors Research Fund, Inc.  
Feb. 5, 1935, filed 100,000 shares of capital stock, (par one cent). Proceeds—For further development of and operation of research facilities. Underwriter—Counselors Research Sales Corp., St. Louis. Robert H. Green is President.

D-shirt Engineering Corp.  
Sept. 22 (letter of notification) 15,000 shares of class A common stock (par $10). Proceeds—For real estate development and expansion of existing facilities. Underwriter—None.

Diversified Inc.  
Jan. 26 filed 10,000,000 shares of common stock (par 50 cents). Proceeds—For acquisition of real estate and conversion of existing buildings to a hotel and office complex; for the purchase of additional real estate; for the development of an office building and restaurant; for the purchase of additional building and land; for the promotion of a development project. Underwriter—Diversified Inc. of New England, Inc., Boston, Mass. Underwriter—None.

Diverse & Development Corp.  
Oct. 30 (letter of notification) 10,000,000 shares of common stock (par $1). Proceeds—Proceeds are applied to the purchase of land, development of land, and the construction of office buildings. Underwriter—None.

Dorcourt Development & Drilling Corp.  
Dec. 30 (letter of notification) 10,000,000 shares of common stock (par $1). Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of 1740 Broadway, Denver, Colo. Underwriter—None.

Dorsey Min. Ltd.  
June filed 350,000 shares of common stock. Proceeds—$1 per share. Proceeds—For new equipment, repayment of loans, acquisition of properties, and other corporate purposes. Underwriter—None.

Dyerbank Note Co.  
Dec. 31 filed 123 participations in partnership interests, to be offered to the public at $1 per unit. Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of an office building and hotel. Underwriter—None.

Dyckman Hotel Co.  
Jan. 6, 1935, filed 1,000,000 shares of common stock (par 50 cents). Proceeds—$3 per share. Proceeds—Proceeds are applied to the purchase of land, development of land, and the construction of an office building and hotel. Underwriter—None.

Edgcomb Steel & New England, Inc.  
Dec. 8 (letter of notification) 30,000 shares of class A common stock (par $20). Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of an office building. Underwriter—None.

E-1 Mutual Association  
Jan. 5 (letter of notification) 5,000 shares of class B common stock (par $1) to be offered to employees of Thomas A. Edison, Inc., and subsidiaries or its successor and this issue. Price—$120 per share. Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of an office building and hotel. Underwriter—None.

Eliot Air TRW. Bank of Calif.  
Feb. 20. 1935, filed 300,000 shares of common stock. Price—At par ($3 per share). Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of an office building and hotel. Underwriter—None.

Federated Corp. of Delaware  
Dec. 31 (letter of notification) 10,000,000 shares of convertible preferred stock due 1955. The company proposes to offer $50,000 of the debentures, payable in cash. Proceeds—Proceeds are applied to the purchase of land, development of land, and to the construction of an office building and hotel. Underwriter—None.

Federated Finance Co.  
Nov. 17 (letter of notification) 300,000 of 7% senior debentures due 1965. Proceeds are applied to the purchase of land, development of land, and to the construction of an office building and hotel. Underwriter—None.
For development of oil and gas properties. Office—407 University Building. Underwriter—None.

Great American Publications, Inc.

Guaranty Life Insurance Co. of America

Gulf States Utilities Co. (1/19)
Dec. 11 filed $10,000,000 of first mortgage bonds due Dec. 1, 1968, 4% per annum at interest, for construction program. Underwriter—Underwriter—Williams & Co., New York, N. Y.

Hamlin Oil & Gas Corp.
Oct. 23 filed 1,600 shares of common stock (par $10). Proceeds—For working capital. Office—107 12th St., Columbus, Ga. Underwriter—None.

Heiligen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). Price—$3 per share. Proceeds—For capital and surplus. Office—P. O. Box 121, South Carolina, S. C. Underwriter—None.

Hilton Credit Corp., Beverly Hills, Calif.
(1-15-16)
Dec. 8 filed 26,270 shares of common stock (par $1) to be offered for subscription by common stockholders. Proceeds—$6 per share. Proceeds—To expand operations of the company. Office—15790 Saticoy St., Los Angeles, Calif. Underwriter—None.

Highland Telephone Co.
Dec. 4 filed 2,250 shares of common stock (par $1) to be offered for subscription by common stockholders. Proceeds—$6 per share. Proceeds—To expand telephone lines. Office—145 North Main St., Monroe, N. Y. Underwriter—None.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par $1). Proceeds—To acquire and extend manufacturing facilities to meet rapidly increasing demand for trailer bodies and to finance further development of the company and facilities for new markets. Proceeds—205 Park Avenue, N. Y. Underwriter—None.

Hiland Credit Corp., Beverly Hills, Calif.
(1-15-16)
Dec. 8 filed 26,270 shares of common stock (par $1) to be offered for subscription by common stockholders. Proceeds—$6 per share. Proceeds—To expand operations of the company. Office—15790 Saticoy St., Los Angeles, Calif. Underwriter—None.

Holland Raceway, Inc., Hinsdale, N. H.
Dec. 21 filed 600,000 shares of common stock (par $5). Proceeds—$5 per share. Proceeds—To construct and equip a horse race track, including grandstand, plant building and stadium, and to enlarge and improve property. Proceeds—10777 N. Main St., Holland, Ohio. Underwriter—None.

Homestead & Borough of South Beach, Surf City, N. C.
Nov. 2 filed 51,045 shares of common stock (par $5). Proceeds—$5 per share. Proceeds—For purchase of citrus groves and for the planting of new groves. Office—The Trust Co., Underwriter—None.

Indiana & Michigan Electric Co. (1/21)
July 4 filed 600,000 shares of common stock (par $1) for capital and general corporate purposes. Office—2200 Philtower Bldg., Tulsa, Okla. Underwriter—None.

L. C. P. Israel Citrus Plantations Ltd.
Dec. 28 filed 750,000 shares of common stock. Price—$1 per share. Proceeds—For capital and working capital. Proceeds—For purchase of citrus groves and for the planting of new groves. Office—Israel Trust, Underwriter—None.

International Bank, Washington, D. C.
Oct. 8 filed 100,000 shares of common stock (par $1) for capital and general corporate purposes. Proceeds—To purchase real estate in the District of Columbia. Office—560 Pennsylvania Ave., N. W., Washington, D. C. Underwriter—None.

Investment Corp. of Florida
Oct. 9 (letter of notification) 5,553 shares of common stock (par $10). Proceeds—To be used for the purpose of effecting the acquisition of voting common stock in or of companies engaged in the business of manufacturing and operating graphite and mica products in Alabama. Underwriter—Johnston & Leopold Co., both of Washington, D. C., on a best efforts basis, Statement effective Nov. 18.

Israel Investors Corp.

Iremco Inc.
Dec. 21 filed 30,000 shares of common stock (par $1). Proceeds—For capitalization purposes. Proceeds—For test laboratories; and for working capital. Office—4 M 100 Avenue, Fort Washington, L. I., N. Y. Underwriter—R. Fennelhol & Co., 260 East 58th St., New York, N. Y.

Jackson’s Mint Markets, Inc.

Kaiser Industries Corp. (1/13)
Dec. 22 filed 306,000 shares of common stock (par $1). Proceeds—$1 per share. Proceeds—For the purchase of additional capital and equipment for the construction of a new building in connection with their lease-back by the company; for the equipping of and stocking of its stores; and for general operating purposes. Office—183 Madison Ave., New York, N. Y. Underwriter—Pieres, Carrascon, Wulbern, Inc., Jackson, N. M. Underwriter—None. Proceeds—South Space Grp. Savannah, Ga. Offering—Expected today (Jan. 8).

Kalamazoo Power & Light Co. (1/15)
Dec. 22 filed 275,000 shares of common stock (par $8.75). Proceeds—$8.75 per share. Proceeds—To repay $6,500,000 of bank borrowings for construction of power plant. Underwriter—The First Boston Corp., New York, N. Y.
Kimberly-Clark Corp.
Dec. 30 filed 250,000 shares of common stock to be offered in exchange for 14% debentures of the American Envelope Co. of West Carrollton, Ohio. The exchange is contingent on acceptance by all of the stockholders.

Laure Exploration Co., Inc., Arnett, Okla.
Dec. 31 filed 300,000 shares of common stock (par $5). Price—$2 per share. Proceeds—For machinery and equipment and exploration purposes. Underwriter—None.

March 28, 1958, filed 1,000,000 shares of capital stock (par $1). Price—$3 per share. Proceeds—To acquire stock control of certain coal mines and to enter into the real estate and insurance business. Underwriter—First Maine Corp., Portland, Me.

Los Angeles Drug Co.
Oct. 28 filed 100,000 shares of common 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 a non-subscription basis. Proceeds used in connection with a general debenture offering. Underwriter—None.

Montana Power Co.
July 1 filed 250,000,000 shares of common stock (par $1). Price to be determined by competitive bidding. Proceeds—For construction of a new power plant and expansion purposes. Underwriter—First Montana Corp., New York, and The Robinson-Humphrey Co., Atlanta.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. Price—$1 per share. Proceeds—For acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. Underwriters—Willis, Dear & Co., Incorporated, Pa.

Mammouth Bond & Share Corp., Miami, Fl.

Mankato Citizens Telephone Co.

Merchants Petroleum Co.
Oct. 28 (letter of notification) 59,295 shares of common stock (par 25 cents) being offered for subscription by stockholders of record Oct. 24, 1958 on the basis of one new share for each five shares held. Underwriter—None.

Market Improvement Co.
Jan. 2 (letter of notification) 543 shares of class A common stock (no par). Price—$5 per share. Proceeds—For working capital and to increase working capital and for general corporate purposes. Ofce.—776 W. 7th St., Los Angeles, Calif. Underwriter—None.

Meyer-Blanke Co.

Micro Electronic Corp.
Dec. 29 (letter of notification) 35,000 shares of common stock (par $5) offered by employees of the Employees Stock Purchase Plan as follows: 2,000 shares to non-salaried employees; 26,254 shares to salaried employees and 4,746 shares to future employees. Proceeds—To salaried and non-salaried employees. Ofce.—N. 6th St., Dallas, Tex. Underwriter—None.

Military Publishing Institute, Inc.

Milwaukee Oil & Gas Co.
Dec. 23 filed 50,000 shares of common stock. Price—$1 per share. Proceeds—For additional working capital. Ofce.—416 S. 9th St., Milwaukee, Wis. Underwriter—None.

Mississippi Cotton Oil Co., Atlanta.
Dec. 24 filed 200,000 shares of common stock (par $5). Price—$1 per share. Proceeds—To purchase common stock, $75 per share; for special common stock, $112.25 per share. Proceeds—For construction program, to purchase shares of Coastal Chemical Corp. (a subsidiary), and the balance will be added to surplus. Underwriter—None.

Mobile Gas Service Corp. (1/23)
Dec. 15 filed 300,000 shares of common stock (par $5) to be offered for subscription by stockholders at the rate of one share for each five shares owned on Jan. 1, 1959 (with an oversubscription privilege); rights to subscribe to be sold to the public. Proceeds—To be supplied by amendment. Proceeds—To reduce 23% of the Company’s maintain funds and for general corporate purposes. Underwriters—Bear, Simmons & Co., New York, and The Robinson-Humphrey Co., Atlanta.

Northern Insurers Co. of New York
Dec. 5 filed 145,200 additional shares of capital stock (par $1). Price—$1 per share. Proceeds—To be used by the Company to purchase shares of depreciated securities of record Dec. 23, 1958, at the rate of one new share for each five shares then held; holder may exercise on Jan. 19, 1959. Price—$3 per share. Proceeds—To increase capital and surplus funds. Proceeds—To be used to provide for the American Oil, Struthers & Co., both of New York.

Northwest Natural Gas Co., Portland, Ore.

Nylonet Corp.

O. K. Rubbert, Inc.
Dec. 15 filed 60,000 shares of common stock, $43,333.33 of par debentures maturing on or before May 6, 1965, of 6% debentures maturing on or before Dec. 31, 1974 and $123,000 of 7% debentures due on or before Dec. 31, 1973, all to be offered for subscription by holders of $150,000 of common stock at $10 per share. The remaining shares and the debentures are to be offered for subscription by holders of $150,000 of common stock at $10 per share. Underwriter—Oppenheimer & Co., 357 Park Ave., New York, N. Y. Underwriters—Nathan Securities Corp., New York, N. Y., on a best efforts basis.

Ontario (Province of), Canada (1/14)

Pacific Automation Products, Inc.
Dec. 23 filed 100,000 shares of common stock. Price—At par ($100 per share). Proceeds—To be supplied by amendment. Proceeds—To be used by the Company for expansion purposes. Underwriters—William R. Staats & Co., Los Angeles, Calif.

Paramount Mutual Fund, Inc.

Pennsylvania Power Co.
Aug. 1 filed 3,000,000 shares of common stock (no par) being offered by the company for subscription by its common stockholders of record Jan. 6, 1959, at the rate of one new share for each five shares then owned. Proceeds—For working capital. Ofce.—1401 Market St., Philadelphia, Pa. Underwriter—None.

Plastic Applicators, Inc.
Dec. 31 filed 150,000 shares of common stock (no par) being offered for subscription by its common stockholders for $150,000 of 6% convertible sinking fund debentures due Jan. 1, 1969 and 30,000 shares of 7% convertible debentures due Dec. 31, 1965. Proceeds—To be used by the Company to purchase one share of a new common stock for each $100 of debentures and one warrant to purchase one share of common stock at par; of stock, $3 per share. Proceeds—To purchase new equipment and for working capital. Office—7029 Industrial Blvd., Los Angeles, Calif. Underwriters—Brown & Sons, St. Louis, Mo.

Ponca de Leon Traction Associations, Inc.

Producers Finance Co. of Arizona
Nov. 18 filed 209,993 shares of common stock (par $1.50) being offered for subscription by holders of $150,000 of 6% convertible debenture stock offering of $25,000 of common stock at $10 per share. The remaining shares and the debentures are to be offered for subscription by holders of $25,000 of common stock at $10 per share. Proceeds—To be used for additional working capital and to purchase part of the company’s debt. Office—551 Rio Grande Ave., Albuquerque, N. Mex. Underwriter—None.

Washington, B.C., and Portland, Ore.

http://fraser.stlouisfed.org/
to July 1, 1954 and to certain designated employees.

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**Putnam Growth Fund, Inc., Boston, Mass.**


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**Silicon Transistor Corp.**

Dec. 4 filed 200,000 shares of common stock (par $20). Proceeds — To purchase equipment, increase present inventories, and for working capital. Offer—To the public. Underwriter—None. Arnold Malkan, President, located at 506 Fifth Avenue, New York 17, N. Y., will sell, or try to sell, all of the shares of the corporation. Proceeds — For the benefit of all of the stockholders of the corporation.

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**Sire Plan Farm, Inc., New York.**


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**Stokoe Oil, Houston, Texas.**


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**Smith-Corona Co., Inc., New York.**

Dec. 18 filed $7,493,100 of convertible subordinated debentures due Jan. 1, 1976. Proceeds — To be used by common stockholders on the basis of $10 principal amount of debentures for each 25 shares of stock held or on any date on or about Jan. 29. Price — To be sold by amendment. Proceeds — To reduce working capital.

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**Southern California Edison Co.**


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**Southern California Water Co.**


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**Southern Golf Utilities, Inc.**

Dec. 19 filed 29,938 shares of common stock (par $5). Price — To be sold by amendment. Proceeds — To purchase additional working capital. Underwriter — None. Address — 400 Fifth Ave., New York, N. Y.

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**Southern Natural Gas Co.**


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**Sports Arenas (Delaware) Inc.**

Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. Price — To be determined. Proceeds — $2,000,000 to pay AMP Awnings, Inc., for bowing alloy beds; $350,000 to pay A. B. Phipps, Inc., for bowling pins; $500,000 to pay less to others. Use of proceeds — To pay for 2 present establishment by increasing the number of alley beds by eight at Yorktown Lanes, and take over and improve PAW in New York City, and $200,000 for deposits on leaseholds, telephones and utilities. Use of proceeds — To pay for 2 present establishment by increasing the number of alley beds by eight at Yorktown Lanes, and take over and improve PAW in New York City, and $200,000 for deposits on leaseholds, telephones and utilities.

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**Spur Oil Co.**

Dec. 15 filed 1,500,000 shares of common stock (par $1). Price — To be sold by amendment. Proceeds — Together with $6,500,000 of borrowings, will be used for the acquisition of Spur Contributing Co., Inc., and general corporate purposes. Office — Eighth Ave. South and Bradford Ave., Nashville, Tenn. Underwriter — None.

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**Standard Sign & Signal Co., Inc.**


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**State Life, Health & Accident Insurance Co.**

July 9 (letter of notification) 50,000 shares of common stock (par $1). Price — To invest in stocks and bonds and to acquire other life insurance companies. Address — P. O. Box 676, Guilford, Conn. Underwriter — None. Underwriter — Miss.

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**Strategic Minerals Corp. of America, Dallas, Texas.**

March 31 filed $5,000,000 of first lien mortgage 6% bonds due March 1, 1966. Price — To finance operations. Underwriter—None. Proceeds — For bonds; 90% of principal amount; and for stock $1,500,000 to be sold to the public for an equal amount of corporate chemical processes and projects. Underwriter — Southwest Securities, Austin, Tex., and Houston, Tex.

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**Surrey Oil & Gas Corp., Dallas, Tex. (1/15-20).**

Dec. 17 (letter of notification) 1,000,000 shares of common stock (par $1). Price — $3 per share. Proceeds — To retire current liabilities and for drilling and exploration costs and working capital.

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**Temple Furnace Co., Inc., New York.**

Dec. 30 (letter of notification) 5,000 shares of common stock (par $1), to be offered in units of one share of common stock and $25,000 in debentures due Dec. 30, 1955, at par $20 per unit. Proceeds — To reduce accounts payable and for working capital. Office — Flat 5, Brattleboro, Vt. Underwriter — None.

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**Tower Merchandising, Inc., Boulder, Colo. (1/15-20).**

Nov. 14 filed 24,600 shares of common stock and 1,000 shares of preferred stock (par $1). Price — $10 per share. Proceeds — For working capital and construction program. Underwriter — Allen Investment Advisers, Inc., Denver, Colo.

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**Tractor Supply Corp. (1/12-15).**

Dec. 8 filed 300,000 shares of common stock, of which 280,000 shares have been reserved for the account company and 20,000 shares for the account of a selling stockholder. Proceeds — To be supplied by amendment. Under¬ writer — None. Underwriter — None. Underwriter — None. Underwriter — None.

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**Transcontinental Gas Pipe Line Corp.**

Jan. 7 (letter of notification) $3,000,000 of first mortgage pipe-line bonds due Jan. 1, 1959. Proceeds — For property additions and improvements and/or to reduce outstanding notes under company’s revolving credit agreement. Underwriter — None. Proceeds — For property additions and improvements and/or to reduce outstanding notes under company’s revolving credit agreement. Underwriter — None. Proceeds — For property additions and improvements and/or to reduce outstanding notes under company’s revolving credit agreement. Underwriter — None. Proceeds — For property additions and improvements and/or to reduce outstanding notes under company’s revolving credit agreement. Underwriter — None.

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**United Asbestos Corp. Ltd.**


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**United Pacific Aluminum Corp. (1/15-20).**


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**United Security Life & Accident Insurance Co.**

Aug. 22 filed 120,000 shares of class A common stock (par $1), to be offered to public. Proceeds — To be used for general corporate purposes. Underwriter — None. Office — 6311 Avalon Blvd., Los Angeles, Calif. Underwriter — None. Underwriter — None. Underwriter — None. Underwriter — None.

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**Vocaline Co. of America, Inc.**

Nov. 10 (letter of notification) 21,500 shares of common stock (par $1). Price — To be supplied by amendment.
First National Bank & Trust Co., Tulsa, Okla. (11:13)

Dec. 10, 1959, it was reported that the stockholders of the Bank will vote on Jan. 13 to approve a plan to offer to sell $10,000,000 of 3-year first mortgage bonds. Proceeds—To redeem $10,000,000 of 4% first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Harriman & Co.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; and White, Fenner & Smith.

Mississippi Power Co. (21:8)

Dec. 10 it was announced that the company plans to issue $40,000,000 of 3-year first mortgage bonds. Proceeds—To redeem $40,000,000 of 4% first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Harriman & Co.; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co., and White, Fenner & Smith. Registration—Planned for May 29. Bonds—Expected to be reoffered.

National State Bank, Newark, N. J. (1:23)

Dec. 22 it was announced that stockholders of the Bank will vote on Jan. 13 to approve a plan to sell $10,000,000 of 3-year first mortgage bonds. Bonds—Expected to be offered at par. Proceeds—To increase capital and surplus.

North American Equitable Life Assurance Co. (29:16)

Dec. 1 it was reported that the company plans an offering of common stock. Proceeds—To be used for general corporate purposes. Underwriter—To be determined by competitive bidding.

Northern Indiana Public Service Co. (2:27)

Dec. 18, 3, Allen S. King, President, announced that the company plans early in 1960 to make a public sale of common stock issue and possibly a $15,000,000 preferred stock issue. Proceeds—To repay bank loans for construction program.


Rockland-Atlantic National Bank of Boston, Mass. (1:20)

Oct. 27 it was reported that the company is planning some long-term financing. Proceeds—To replace an existing line of credit and to improve the company's operational and financial standing. Underwriter—May be Hornblower & Weeks, New York.

Southern Co. (24:2)

Dec. 18 it was announced that the company plans to raise early in 1960 between $40,000,000 and $45,000,000 through an offering of 3-year first mortgage bonds on for a construction program. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Morgan Stanley & Co., Kidder, Peabody & Co., and Eastman Dillon, Union Securities Co. & Co.
Railroad Securities

Our Reporter's Report

**Railroad Securities**

**Union Pacific**

Earnings of Union Pacific System for 1958 are estimated at around $3.25 per share. This was slightly below the high of $3.34 shown in 1957 but was somewhat higher than the low of $3.20 reached in 1956. The dividend was increased by 10 cents to $1.76 a share, which was the first increase in nine years. The company has been paying out 95 cents on the dollar for many years and the increase will increase the ratio to 99 cents on the dollar.

Higher interest rates and some lower traffic volumes affected the earnings. Union Pacific is the largest railroad in the United States and is the only one to have faced a real decline in traffic volumes over the past decade. The company has been able to maintain its earnings by increasing rates and by reducing operating costs.

The outlook for 1959 is not clear. Some operators are optimistic about the year while others are more pessimistic. The company has a large capital program under way and is expected to spend about $400 million on new equipment during the year. The company has a strong financial position and is well capitalized.

**Duncan Miller V. P. of Laird & Co.**

Duncan Miller, Manager of the Syndicate Department of Laird & Co., was appointed Vice-President of the company in New York. Miller has been with the company for many years and is known for his expertise in the investment field.

**Joins Woollychur, Currier**

Woollychur, Currier & Co. has appointed M. Russell as its new manager in Chicago. Woollychur, Currier & Carl, an important firm in the industry, has been engaged in a strike for several months and the appointment of a new manager is expected to help resolve the dispute.

**Repeal Performance**

Performance of C.I.T. Financial Corp.'s $75 million of outstanding debentures was likewise reported as being at a high level. The coupon rate here would also be 4.5%, and the yield approximately the same, or 4.75%. The company's bonds were sold at 10% premium, showing that demand was strong.

**First Lumber Corp. Stock Offered at $6**

Singer, Baus & Muckle, Inc., of New York City, on Dec. 31, published information on the offering of $2 million of class A common stock (par $2) at $6 per share.

The net proceeds will be used to repay a loan from the Beachwood and Co., of Beachwood, Ohio, and would be used for the purpose of working capital.

The company is incorporated in the State of Delaware and is engaged in the business of developing and operating real estate.
The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in columns either for the week or month ended on that date, or, in cases of quotations, are as of that date.
**Mutual Funds**

BY ROBERT R. RICH

**Institutional Fund Share Buying on Increase**

A recent shareholder survey of 107 open-end mutual fund investment companies shows that 111,394 shareholder accounts are now held by institutions and other institutions, the Boston Post, an affiliate of Investment Banking Corporation, reports. The total value of these holdings was estimated at $7,033,066,000; the average account was valued at $67,119.

The new study indicates continuing acceptance of investment company shares by institutional investors. Among the 125 survey companies associated with 1957, the Association noted. Reporting companies indicated 99,559 institutional accounts as of September 30, 1957.

The current study is based on data from companies representing 63.4% of the shares held on September 30, 1957. The 1957 study covered companies representing 79.7% of the assets of the 136 mutual fund complexes and 70.3% of the 125 member companies' assets in June 1957.

Distributor banks and investors as trustees, guardians or administrators—are the largest institutional group, holding $7,652,532 accounts with a market value of $439,219,000. The average size of these accounts is $5,001.

The second largest group of accounts is held by institutions and foundations such as hospitals, schools, churches and religious organizations, etc. They hold shares valued at $127,910,000 in 1,773 accounts, or 11% of the total for this group amounting to $11,211.

The business organizations—corporations, pension and profit sharing plans and unions—hold $8,017 accounts with a market value of $164,968,000. The average account for this group was the largest—$19,146.

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<th><strong>DIF Fund Asset Value</strong></th>
<th><strong>Canadian Fund Inc. Reports Gains in Per Share &amp; Assets</strong></th>
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<tr>
<td><strong>Up 22.2%</strong></td>
<td><strong>Mutual funds, Inc. (Dow-Jones Index)</strong></td>
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<td><strong>Diversified Investment Fund, Inc.</strong></td>
<td><strong>Canadian Fund, Inc. (Dow-Jones Index)</strong></td>
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<td><strong>3rd Quarter</strong></td>
<td><strong>1957 Fee Income</strong></td>
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<td><strong>Net income and dividends per share are expected to rise to the $2.10 per share level.</strong></td>
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<tr>
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**The Lazard Fund, Inc.**

Annual Report as of December 31, 1958

**Wellesley Sees Record Corporate Profits for 1959**

"Profits of leading United States corporations in 1959 should reach more than $8 billion, according to Walter L. Morgan, president of Wellesley Company and a leader in the Wellesley Fund and Wellesley Equity Fund. These two mutual funds have a total of about $800,000,000, owned by more than 40,000 shareholders.

"Based on our research department's comprehensive sampling of 110 large corporations in 24 major industry groups," Mr. Morgan said, "we estimate that the corporate profits during the coming year will be about 6% higher than the previous peak reached in 1957, and about 25% above the 1955 level."

The Wellesley Company chief executive believes that dividends paid by these 110 corporations also expected to rise in 1959, although by a smaller amount than earnings. He noted that dividends during 1958 amounted to $43,000,000, owned by more than 40,000 shareholders.
the Security I Like Best

Continued from page 2

resources seem substantial enough to believe that the present atmosphere will continue and the company and its shares should be in six to nine months again be the lead among the most encouraging in the market.

In this difference in market price, if this theory were confirmed, it would be a case of very sound fundamental buying opportunity.

ROGER W. BIDWELL
Zeppy Cove
Lake Tahoe, Nevada

Natomas Company

At a time when the market has risen to record heights it becomes increasingly interesting to look at stocks that still have a wide appreciation potential and that are not too speculative.

Natomas Company, a unique corporation, appears to be one of the most interesting. Its share price has risen from $28 in 1956 to $175 in 1957, a 525% increase in one year. This is an unparalleled rise in the history of the company and it is suggested that the company is not yet too speculative.

Natomas has a 13,000-acre land development under construction, located in the heart of a new residential area in the San Francisco Bay Area. The company has also invested in a 5,000-acre land development in the south of the state. The company has a diversified portfolio of properties, including residential, commercial, and industrial land.

The company has a strong management team, including a group of experienced developers and investors. The company is well-positioned to benefit from the strong demand for real estate in the San Francisco Bay Area.

In conclusion, Natomas Company is a valuable investment opportunity for those looking for a long-term play in the real estate market. The company has a strong track record of success and is well-positioned to continue to grow in the future.
WASHINGTON . . . And You

WASHINGTON, D. C. — The 86th Congress is off and running. What will happen during the year is anybody’s guess, but it appears safe to say it will be a lively session. The reason it is starting off as a sham-bang affair can be described in a single word—politics.

There is every indication there will be more friction between the liberals and the conservatives, than along strictly party lines of Democrats and Republicans. There are too many congressmen in the House and Senate under the label of Democrats for there to be continued bucking between Democrats and Republicans as such.

The liberal wing of Democrats in the Senate feels that they have a majority enough from affluent areas to bring an end to filibusters. The same wing in the House feels that there is a great and immediate need to curb the power of the filibuster. This powerful committee, headed by Representative Howard W. Smith, Conservative of Virginia, serves as the traffic policeman for letting bills reach the floor of the House for consideration.

The Senate liberal bloc, which also includes some Republicans, may or may not have influence and votes to amend Ruble’s so-called filibuster rule. However, there appears little or no chance of the House liberal bloc getting the House Rules Committee to enhance it with its own members to offset the conservative coalition of Demo¬crats and Republicans in the Representative Clarence Brown, Republican of Ohio, and Repre¬sentative Millard Colmer of Mississippi.

Johnson a Conciliator

Under the present Rule 22 of the House, the Speaker could order the two-thirds of the entire Senate to appear at the House to vote on cloture. Now with two Senators from Alaska, theSenate will have the power of the existing rule, 22, it would take only 21 votes to order cloture. Advocates for changing the rule want a simple majority of the entire membership.

Senator Lyndon B. Johnson of Texas, the Senate majority leader, in a so-called moderate approach to the geyser, favors modification of the rule to per¬mit two-thirds of those present and voting to invoke cloture.

No “Wild” Legislation Expected

The present Rule 22 of the House provides for pro and con statements from Captains of Business before debate or cloture occurs. There is nothing immediately urgent on the legislative agenda at this time. Actually, it will be sometime after the traditional Lincoln Birthday speeches by the Republicans before the new Congress settles down to its full work load.

It is not likely that the 86th Congress shapes up as paper one of the most liberal in many years, perhaps the best long range guess is that it will not run the “rubber stamp” train. The reason is both Majority Leader Johnson and Minority Leader Rayburn, both from Texas, are pretty good middle-of-the-roaders. New members are elected and are often not in favor of any wild legislation. Whether or not they will stick to hold down some of the big spending proposals by many of the up-and-coming on the mountain side of the aisles in the House and Senate is another question.

Another Hike in Debt Limit

It is going to be interesting to watch from the sidelines and see if the new Congress will seek to keep spending for the 1961 fiscal year, starting July 1, with¬in the budget recommendations proposed by President Eisen¬hower. There are many Democrats who are anxious to put the executive branch as deep in the financial hole as possible. They are con¬vinced that the Presidential election in 1960 was almost certainly influenced by the limit of the United States will have to be raised to $300 billion.

The fiscal year of 1960, they would point to in fact that the Eisenhower Administration has been the “neutelizing” Administration in political affairs of the country. Certainly it is true that a Democratic controlled Congress appropriated all the funds, but the Democrats are confident that the Administration bailed out the political monkey on the backs of the Republican Party by controlling the White House and the executive departments.

The big spending program voted by Congress in 1958 will continue to be felt in the eco¬nomy of the Nation for the re¬mainder of the current fiscal year. The Department of Com¬merce’s yearly survey by its business and defense services shows 2nd quar¬ter data has optimistic hopes for 1961. Consequently are expected to be smoothed in some fields, and new peaks scaled in others.

Federal Health Plan Songht

When there are more than 12,500, 000 people now receiving “social security” benefits get their next

Automotive Design Contributions to Highway Safety—Charles A. Chasey — General Motors Corpora¬tion, Detroit (paper).

Credit Unions—Study—American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper) §1.

Freeman, James 1959—Contractinters¬tions on Khrushchev’s Bogus Challenge, Alternative to Con¬sumptionism, New York is the Emerald Isle: Inflation Ahead; Coercion at the Local Level, is Law Enforcement to Remember?, etc. — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. — (paper).


Managed Money at the Crossroads—The European Experience—Melchior Falyi—University of Notre Dame Press, Notre Dame, Ind., 1957, $4.75.


Toole Lectures in Retail Distribution at the Harvard Business School—Harvard University, Graduate School of Business Administration, Cambridge, Mass. (cloth) $3.


TRADING MARKETS

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