ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 189 Number 5810 | New York 7, N. Y., Thursday, January 8, 1959 | Price 50 Cents a Copy

EDITORIAL

As We See It

A group of eminent and able men functioning as the President's Advisory Council on Social Security Financing has handed the President a report. The facts and opinions it contains are worthy of careful study. They will serve the public best if they induce some very careful independent thought on the part of the rank and file. What these eminently qualified men have to say will in some instances, so we must all hope, tend to stimulate and perhaps to guide independent analysis of the problems discussed. Due in part to the highly technical nature of the matters under review and in part to widely understood, or misunderstood, basic economic and financial concepts involved, other sections of the report may well make helpful independent analysis by the man in the street the more difficult.

The Council, for example, finds that "the contribution scheduled enacted into law in the last session of Congress makes adequate provision for financing the program on a sound actuarial basis." To this encouraging note, it adds "that under the new schedule of contributions and benefits not only is the system in close actuarial balance for the long run, but also after 1959 the income to the system is estimated to exceed the outgo in every year for many years into the future." Thus the uninitiated may well gain the impression that all is quite well with the system and that the system accordingly can be counted as an unmixed blessing certain to shower net benefit upon our heads throughout future years. If this were a privately operated system with its reserves productively employed and its premiums (what are termed "contributions" in this system)

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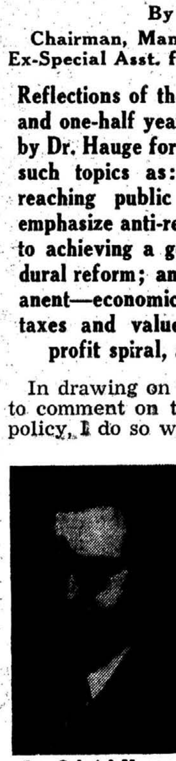
Some Reflections on a Tour Of Duty in Washington

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 as White House economist are 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 de-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 anent—economics of defense in a cold war, incidence of taxes and value of fiscal-tax policy, wage-cost-price-profit spiral, and growth of underdeveloped lands.


Dr. Gabriel Hauge

In drawing on my own recently concluded experience to comment on the role of economic analysis in public policy, I do so with the full knowledge that an individual's views are rooted in his own life and thought. One's experience reflects, of course, various preconceptions to which each of us is subject in some degree. But perhaps a sort of preliminary post-mortem on almost six years in the vicinity of the summit of our Federal Government will add something useful to the accumulation of experience available to economists and statisticians. By this process of evaluating our experience, the chances of making the future better than the past are enhanced. On one thing we are surely agreed: 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 apolo-

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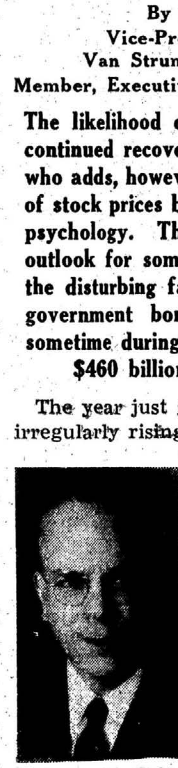
*An address by Dr. Hauge before joint meeting of American Economic Assn. and American Statistical Assn., Chicago, Ill., Dec. 28, 1958.

1959 Economic and Investment Outlook

By LEICESTER W. FISHER*
Vice-President in Charge of Research,
Van Strum & Towne, Inc., New York City
Member, Executive Committee of the Institutional Funds

The likelihood of upward fluctuating stock prices and continued recovery this year is predicted by Mr. Fisher who adds, however, the reminder that there is the danger of stock prices being pushed to extremes by inflationary psychology. The investment counselor sketches the outlook for some major industries, runs down some of the disturbing factors in the economic picture, believes government bond prices will regain lost popularity sometime during 1959 or 1960, and foresees at least a $460 billion Gross National Product in 1959.

The year just getting underway promises to be one of irregularly rising industrial activity, expanding business volume and higher corporate profits. It looms as a year in which the cost of living will continue to trend upward and in which labor will win further substantial wage gains. It is probable that during a large part of the year—if not all of it—inflationary forces in the economy will outweigh the deflationary influences. It is likely that stock prices in the aggregate will witness new all-time highs in 1959 although the 1958 pattern of month by month increases in the various market averages is hardly to be expected. Bond prices may continue to drift lower in reflection of further switching into stocks inspired by inflationary fears and hardening money rates. Sobering influences in an otherwise generally optimistic economic picture are


Leicester W. Fisher

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*An address by Mr. Fisher before a group of security dealers, San Francisco, Calif., Jan. 6, 1959.

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

The Security I Like Best

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

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

GERALD M. LOEB

Author: "The Battle for Investment Survival"

Partner, E. F. Hutton & Co. New York City

Members: New York Stock Exchange and other leading Exchanges

Chrysler Corporation

Nineteen-fifty-eight closed on an unusual note, in that there seemed to be more buying to establish losses in short positions than selling to establish losses in the more usual way. Thus, the number of issues at or near their lows this December is greatly reduced over previous years and the search for a good buy is made correspondingly more difficult. With the Dow Industrial Average up over 135 points during 1958 and with many individual stocks having doubled in price and more, it would seem that looking among those near their lows might pay off the best during the forthcoming year.

G. M. Loeb

For future profit prospects, one must find not just a depressed issue but a depressed issue with a good outlook.

Certainly the major motors, and Chrysler in particular, are in the winter time of their cycle. It is a far cry from the banner earnings of 1955 and the enthusiasm over the Ford public offering, to today's somber feelings concerning the "Big Three" motors. Foreign competition has become dominant in export markets and is threatening at home. The reduction in the value of the franc may make French imports even cheaper. American production costs exceed foreign costs, plus duty, plus freight.

At home, American Motors and now Studebaker have jumped on the small-car bandwagon. Current and standard 1960 body dies of the Big Three were planned a long time ago. For them the problem of a new "little" car is a difficult one. The decision seemingly has been made to make one, but the danger of throwing their own current best sellers into the twilight zone between their top price car and lowest price car is very real.

In this general atmosphere of gloom, the market currently regards Chrysler with the most gloom of all. The situation certainly calls for a re-examination of the Chrysler position.

This seems the proper place to point out, as I regularly do when invited to write for this forum, that I know of no security I can safely publicize as "liking best" for all types of buyers and all types of objectives. What is more, mention of a security at a particular time obviously does not mean continuous and perpetual bullishness on that particular stock. It is simply a means of calling attention to the situation as it exists at the time of writing. This is true of Chrysler. I have followed the situation very closely since it was Maxwell Chalmers. There have been times when I was bullish on Chrysler, and at other times I have been neutral. Now, the stock is entitled to a short-term trading rally on technical grounds and long-term improvement in the sense that the picture six to nine months from now should look a very great deal better.

As of December, 1957, Chrysler ranked sixth in sales of all American companies. It had over 86,000 shareowners. It regularly enjoys one of the best markets on the New York Stock Exchange. Selling at a price that outside of 1958 has not been seen since 1949, after three years of decline, and at half its 1955 top, the shares certainly deserve attention.

The stock, which in 1952 was sixteenth on the list of the "Favorite Fifty," is now out of the list all together. There is nothing to prevent its coming back.

In studying Chrysler, it should be regarded more as a mature corporation than a growth corporation. Its highest earnings per share adjusted to the present capitalization, occurred back in 1949. The equivalent of its current market price of 50 has been seen many times in the past. In the 1947-49 period, in 1936-37, and even in 1929. Thus, it should be evident that Chrysler is a stock to buy and sell rather than to buy and hold. There is a great opportunity in buying cyclical stocks at what one feels is the low point of their cycle as compared to the current overpopularity of so-called "growth shares." In fact, in 1958, rails, which are about as far from growth shares as one can get, were up almost 75%, the second largest percentage gain of the various groups on the New York Stock Exchange.

Chrysler has a very active and close market on the New York Stock Exchange. Trading volume in the first 11 months of 1958 averaged about 14,000 shares per day and the range has been 15 points, between 44 and 59. I would think that 1959 would show excellent volume and an even wider range. A good market is an important asset to any stock because in the final analysis, the risk of a position to a good trader is related to liquidity in the sense of measuring the cost of canceling out a position.

Current news on Chrysler has been discouraging and has, of course, contributed to its availability at current prices. Markets today tend to run in less extremes than in the past. Full consideration is given to the evening out process of tax loss carry-overs. Investors have learned to measure market prices more against average results, trends and potentials than current figures. Nevertheless, discouraging figures if only temporary can create buying opportunities. Chrysler has just settled a strike and partly as a result of this and possibly partly for other reasons, its share of the market since the introduction of its 1959 models probably has not exceeded 13%. This compares with its all-time high above 23% in 1951 and its recent high of practically 20% in 1957. Earnings for the first nine months of this year show a deficit of $45 million, or $5.18 a share, and the fourth quarter will perhaps show a further loss.

Earnings in 1959 are difficult to estimate. It would seem that the first quarter could be good. The second quarter is wholly unpredictable, both from a standpoint of industry totals and Chrysler penetration. The third quarter is likewise unpredictable except it may reflect the usual model change-over. The fourth quarter can very likely be very large if labor conditions at that time are satisfactory and general economic conditions are favorable.

Statistically, it would appear that Chrysler needs an average of about $600 million in sales per quarter to break even. It is difficult to set up a table comparing Chrysler's penetration with industry totals as far as break-even points go. However, perhaps something like 16% is required in a 4½-million-car year, 15% in a five-million-car year, and 14% in a 5½-million-car year. A better way to look at it is to consider that both total motor car production and Chrysler penetration have fluctuated widely and the chances favor either or both influences causing another $10-15 a share earnings year for Chrysler perhaps in 1960. Chrysler's biggest strides recently have been made in developing efficiency and a return to normal volumes should show greatly increased profit margins.

Working capital seems adequate and the current low dividend should be assured through 1959.

Chrysler has many problems. The company has solved its styling difficulties and if imitation can be considered the sincerest form of flattery, it certainly now is a leader in the styling field. The company has a very loyal group of owners who have shown a tendency to switch principally in the years with complete body changeovers rather than in the years of facelifts, tail-lifts and reskinning. Thus, a current backlog was again built up.

Its engineering know-how has always been acknowledged. In fact, since the famed engineering firm of Zeder, Selton & Breer came over to Chrysler in 1924 with Walter P. Chrysler, the company has pioneered a long list of engineering "firsts." There is much more continuity to such an inheritance than people generally recognize. The hiring and training going on over the years tends to pass standards and objectives to the younger men as they take over.

Chrysler is at work on its dealer and sales problems, which the management acknowledges and understands. Chrysler cars are bought rather than sold.

Some of its advertising is in new, and in an automotive sense, untried hands. So far, it has not developed the enthusiasm and momentum to be ultimately expected. Emphasis has been on detail with little stress on the major qualities of Chrysler cars or on such important items as the new engine. This is the only completely new power plant in the industry designed to take advantage of modern automated manufacturing facilities. There has been a delay, too, in openly coming to grips with the competition of the so-called small American car and the differences in their riding and handling to say nothing of the economy offered by the Plymouth six.

Chrysler management is looking towards 1960 as a year when its 20% penetration of 1957 will again be achieved. Their plans and

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This Week's Forum Participants and Their Selections

European Recovery Strides and American Competitiveness

By ERNEST R. BREECH*

Chairman of the Board, Ford Motor Company, Dearborn, Mich.

Industrialist finds 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. Breech observes we no longer are superior in capital investment, managerial methods and economies of scale and, thus, the wage differential is becoming increasingly significant. Predicting a continued flight of American capital abroad 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 weeks' tour of Europe, during which I tried to find out all I could about developments in our own Ford interests and in the European business 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 employment everywhere. Living standards are climbing sharply, a great single mass market is developing and European industry is furiously mobilizing to meet it.

Ernest R. Breech

Since 1950, Europe's economy, and particularly its industry, has been overtaking us at an accelerating pace. In the period 1950 through 1957, for example, Europe's Gross National Product increased 88% compared to our 49%.

As a manufacturer of automobiles, I was most impressed by the really striking improvement throughout Europe in the design, manufacturing and merchandising of automobiles and consumer durable goods. They have read some pages from our book, and it begins to look as if maybe they have been learning almost too well! Europeans have a great awareness today of the economies 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 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.

Moreover, these countries are fast adopting modern managerial organization and practices. They are accumulating capital and spending it freely on vastly improved plant and equipment. The old ties of tradition, the old habits of high-cost, low-volume cartelized production and pricing have largely gone by the board. They are innovating at a tremendous pace and important new developments and processes appear everyday in mining and steel production and manufacturing.

As a result of these developments according to our own projection for the period of 1957-1965, Western Europe's Gross National Product will increase from \$226 billion to nearly \$300 billion; steel, from 96 million to 130 million short tons—that exceeds our own 1957 production; coal, from 544 million to 575 million tons; and electricity, from 418 billion to 650 billion kilowatt hours—almost equaling our own domestic production. Production of cars and commercial vehicles will increase from about 4¼ million units this year to 5½ million or more in 1965. In 1958 alone Europe is producing about 3,500,000 passenger cars, compared to our estimated 4,300,000, and 750,000 commercial vehicles compared to our 800,000.

Compares Wage Scales

In short, Western Europe seems to be riding the private enterprise road out of the woods. And the pickings for communist subversion look very slim. I think all of us have reason for both pride and satisfaction in this. Europe's recovery has been a major goal of this country. That job appears to be just about done. It has been done not only by government aid, but with substantial help from American business. We have literally opened our box of industrial secrets and turned it inside out for our European friends.

Proud as we may be of the results, we must also be realistic and admit that the rate of Europe's progress poses new problems for us. Traditionally, of course, Europe's wage scales have been substantially lower than ours. In certain occupations, the differential is considerable. For example, the cost per hour for purchasing automotive tools and dies from independent producers

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*A talk by Mr. Breech before the Pittsburgh Chamber of Commerce, Pittsburgh, Pa.

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Regular Features

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President

Thursday, January 8, 1959

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, \$65.00 per year, in Dominion of Canada, \$68.00 per year. Other Countries, \$72.00 per year.

Other Publications

Bank and Quotation Record — Monthly, \$45.00 per year. (Foreign Postage extra.

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

German Experiences with Inflation

By LUDWIG ROSENBERG*
Member, Executive Committee of the German Federation of Trade Unions

So we may see in depth the process as well as the destructiveness of his country's two unusual inflations since W. W. I., a German labor leader analyzes various factors and forces which are said to cause inflationary tendencies to have gotten out of control. Mr. Rosenberg flatly declares "the State can create an inflation. It's the State who 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 case why wages connot 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 having actually lived through various periods of real inflation.

Ludwig Rosenberg

May I express the hope that you will always be so fortunate as to be forced to invite people from abroad to have amongst you witnesses of actual inflation and that these witnesses can only report on such developments in countries other than the United States. May this country of yours be saved from the dreadful experience the German people had several times and may all parts of your population be aware of the fact that inflation is not a penalty sent to mankind by the will of fate or by accident but that it lies within the power of man to create it and to prevent it.

It is certainly not my task to tell you what to do and if I gratefully accepted your very kind invitation so for the sole purpose of informing you of what happened in Germany, why it happened, what consequences it had on Germany as a whole and on the German people. It can never be the task of a visitor who does not know your country, its economic and social structure, its mentality and the reactions of its people to propose solutions of your problems. As similar as conditions might be in different parts of the world—it is one of the most attractive and wonderful things in our world that similar problems are attacked and solved in the most varying way. All we can do is to support each other in exchanging our experiences. No one can simply transfer methods adopted somewhere else into a very different community—but everybody can take into consideration experiences others had under similar conditions.

If, therefore I am trying to attempt to convey to you some of the aspects of inflation I do so exclusively with regard to conditions which were prevailing in Germany. It might be that some of the experinces we had may be of interest to you. It might be that some conclusions we had to draw from those experiences may be both interesting and useful for others. All I can do and all I am trying to attempt to do is to give you a fair picture of what happened—why it happened—and what consequences it had and the lessons we drew from it. It is in this spirit that I ask you to accept my lecture.

Defines Inflation

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 devaluation of the purchasing power of money. As far as this definition goes, it might be correct to call such development inflation in spite of the fact that a devaluation of purchasing power of money is really a consequence and not the actual characteristic of inflation.

Inflation means to swell—to inflate—and it is really the swelling of the volume of money and the swelling of the circulation of money what characterizes the process which we call inflation.

Other developments which also lead to a devaluation of purchasing power of money might finally create a situation where the temptation to swell or inflate the volume of money becomes increasingly strong, and thus they may indirectly prepare the path for a true inflation—but by themselves they are not a real inflation.

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

These inflationary trends are a constant and slowly progressing devaluation of purchasing power which is often directly the consequence of an expansive economy and of an increase of productivity connected with it. There have been economists who believed that full employment also was one of the reasons which might lead to such development. Modern Economic Science, however, rejects this theory and practical experience has proved them right.

Here, on the subject of inflation, I will first of all restrict myself to real inflation, i. e. the actual swelling of the amount of money circulating and the consequent increase of the speed of circulation.

If you accept this determination it is obvious that in our modern economy real inflation can only be brought about by an act of the State. In one way or another it is the State which must by manipulation of the volume of money swell, that is "inflate" this volume to create a situation which we call inflation and as a consequence of which, all or some of the effects of such swelling will be felt by the economy of the country and by the people.

Germany in 1921-1923

In Germany we had twice the actual experience of such true inflation. The first was from 1921 to 1923.

It was the first gigantic experience of real inflation in a modern economy. There was no example of it before. Neither the state nor the population had any precise knowledge of this phenomenon and both did not know of any effective measures to stop the avalanche once it started.

Thus the catastrophe of a complete destruction of the value of a currency went on similar to the unescapable fate of an old Greek tragedy. It really seemed as if the Gods were against us. In a breathtaking and ever increasing speed the value of the Mark was reduced until it finally landed at a level which was expressed in astronomical figures.

The value of the U.S.-Dollar compared with the Mark shows clearly this extraordinary development:

When World War I started in 1914 one dollar was worth 4.16 Marks. At the end of World War 1 in 1918 it was worth 8 Marks. In December, 1921, it was worth 173 Marks and by December, 1922, it was worth 6,750 Marks.

Up to this point a creeping inflation, a constant but still limited and controlled swelling of the volume of money by the State during the war and as a consequence of the lost war had taken place. The inflation actually had already started—but it was not yet unlimited, uncontrolled, and

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*An address by Mr. Rosenberg before the 20th Annual Meeting of the Institute of Life Insurance, New York City, Dec. 9, 1958.

The State of Trade and Industry

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

The recovery in trade and industry which set-in in the third quarter of last year continues in evidence with prospects encouraging in the months ahead, despite such disturbing factors as a possible steel strike, problems of price and production, growing out of such labor disputes, together with the competition for world markets. In the face of such problems, business leaders in their public utterances express hope for the future, but refrain from being unduly optimistic in their predictions.

Some of the bright spots currently showing up include the steel market which, according to "The Iron Age," is tightening up in the midwest and the strength of the market is spreading to Pittsburgh and the East. While output of cars and trucks were lower the past week auto manufacturers are definitely encouraged by the tenor of December new car buying. Then, too, personal income is tending upward which should stimulate consumer buying in the New Year. Post-Christmas trade volume was reported noticeably above a year ago.

The country's employment situation shows that claims for unemployment compensation dropped by 17,900 in the week ended Dec. 27 to a total of 393,500, United States Department of Labor reported.

At least some of the decline, it added, was due to the closing of employment offices for Christmas. However, the volume of new claims, which is a rough indicator of layoffs, was far below the recession-swelled total of 553,900 in the like week of 1957.

The number of workers drawing unemployment compensation in the week ended Dec. 20 also declined by 75,000 to 1,947,000, the department noted. Part of this drop also was attributed to rescheduling of claimant reporting in anticipation of the holiday. Reports on the number of workers drawing benefits lags a week behind those for new claims because unemployed workers generally do not get a payment until a week after filing a claim.

The decline in the number of workers drawing compensation dropped the total slightly below the 1,954,200 reported on the corresponding week of 1957, the report added. The rate of insured unemployment was 4.7% of those eligible, down from 4.8% the week before but about the same as a year earlier.

In the steel industry the steel market is tightening up, "The Iron Age," national metalworking weekly, reported yesterday. It stated that there are quite a few straws in the wind this week.

Among them, a midwestern mill already is doling out plates on an allocation basis. Another plate mill in the same area is pushing the limit of practical capacity and is getting ready to set up new order-to-delivery schedules. One buyer who tried to place January tonnage three weeks ago had his order bounced into February and March. The strength of the market is spreading to Pittsburgh and the East.

Some mills are warning their customers that hand-to-mouth buying will be risky business from here on out and are advising them to order farther ahead or run the chance of being caught short on critical products. Some steel users already have had some narrow escapes.

Hot-rolled bar demand is picking up. So is the market for oil country drill pipe and casing, and linepipe. Demand for sheet and strip, galvanized sheets, and terne plate is showing steady improvement. Tinplate shipments will more than double in January over a relatively slow December.

Current market strength, "The Iron Age" further notes, is based on moderate inventory building and higher output levels in users' plants. Yet to come is the expected avalanche of orders as a hedge against a possible steel strike at mid-year.

More mills are now talking in terms of near-capacity operations at some time in the first half of the year, but this trade

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Observations . . .

By A. WILFRED MAY

THE STOCK MARKET IN 1959
"Not Another 1929"—But 1928?

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 seeming to us to be most importantly characteristic of this peak market's 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.

A. Wilfred May

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, usually fashioned to fit the market's movement. Thus, for example, the possibility of *stepped-up* war tension, now overlooked midst the market boom, 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 event 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, would 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 with equal conviction, be conversely interpreted as deflationary in the event of an intervening market decline.

At this time particularly, the crucial determinant of imminent market movements essentially lies within the market itself, and its attending psychological attributes. Rampant is a fast growing crop of boom foibles, together with their deft rationalization 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. Coupled therewith is a complete abdication of the investor from concern with income and return. Before we look at some of the quantitative manifestations of this, we may note its "quantification" in the currently low yields—now down to 3¼%, on the 500 stocks in the Standard & Poor's index; a year ago they were 4⅔% (itself meager enough). Equally significant is the substantial disparity between this 3¼% return satisfying equity holders and the 4.1% 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), superficial appraisal of asset items, and zooming market advances; seemingly result from a variety of psychological excesses.

Eager-Beaverism in Respecting the Common Stock

While long-term rise in the acceptability of the equity share both by itself and in relation to bonds, has, in line with prior worldwide experience, been in order, we are now perhaps too far on the "eager-beaver" side. Note such items as the mutual fund craze, now at an all time peak; the increased devotion of other "pools" to the common stock, including pension funds, who together with other trust entities are frenetically raising their portfolios' stock-proportion ceilings; the mounting agitation for, and actual initiation of the Variable Annuity technique which subjects insurance policy returns to dependence on stock market quotations; and the public's avid appetite for the market services of various kinds, highlighted by the moneys and efforts expended in their profitable promotion.

New Trek to the Wall Street Mecca

Auxiliary to the public's appetite 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 easier money from occupations ranging from the tough textile business to magazine editing; and with baseball stars switch-hitting to market-advising and fund-promotion instead of the traditional insurance peddling and filling stationing. And, again the barber has gained the knack of stock-selection, now imparted to clients reclining against a background of mutual fund posters on his shop wall. (The adjoining bootblack, the 1929 goat, seems to be still unimpressed.)

The Inflation Psychosis—Market Bulwark Number One

Perhaps most importantly supporting the hunger for stock "New Era-wise" is the rampant *Inflation Psychosis*—ignoring the past cyclical course of the general price level and its actual impact on the stock market. This over-emphasis on spending-and-"Inflation" as a market factor, routinely mouthed 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 our leading lay weeklies in justifying the great bull market, hails the supposed change to a depression-proof non-cyclical economy.

Building the Market Pyramid

There are of course a variety of specific factors promoting the cumulative pyramiding of share prices. The capital gains tax freezes many investors into stocks on which enormous paper profits have accumulated. Again, inflationary buying of the Blue Chips by the glamorized public is further pyramided by the expert fund managers' perhaps unglamorized, but nonetheless competitive, flight into the same name issues.

All this feeds that age-old foible about "scarcity value," characteristic of booms in all fields. Here in the stock market area it promotes the thesis that "good stocks are cheap at any price." Only a slight variation of this credo 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 this present pie-in-the-sky attitude is nastily reminiscent of the credo widely propagated in the 1920's via the bulls' best-selling bible, Edgar Lawrence Smith's "Common Stocks as Long-Term Investments." Only it has not been realized that the long-playing Mr. Smith, seeing his thesis over-exploited, himself turned bearish six months before the October 1929 unpleasantness.

Behind That "Confidence" Posture

Before you become immovably regimented into that posture of *Confidence* (the popularly ascribed basis of the fantastic multipliers making the prevalent unrewarding price-earnings ratios), you might ponder over just a few of the ponderables.

How is the new additionally liberalized Congress going to affect business (including the now tax-favored oil companies)?

Will there be an assault on corporate earnings — perhaps from more Federal spending with increased taxes and higher costs; or also, on the other hand, from reduced spending entailing lower activity and selling prices?

Should there be even a temporary drop in the earnings of those impregnable "growth chips," with their lunar- and solar-spheric price-earnings ratios, will that underpinning of *confidence* remain unruffled? Will the vaunted absence of margined-holding then serve to prevent liquidation?

* * *

Presumably the application of some logical standards to the stock market is not entirely out of order; since doings may still be in the pre-bootblack, post-barber stage.

H. D. Christianson With Zilka, Smither & Co.

(Special to The Financial Chronicle)

PORTLAND, Ore.—Harold D. Christianson is now associated with Zilka, Smither & Co., Inc., 813 Southwest Alder, members of the Pacific Coast Stock Exchange. He was formerly in the trading department of the First National Bank of Portland.

COMING EVENTS

In Investment Field

Jan. 15, 1959 (Philadelphia, Pa.)
Philadelphia Securities Association annual meeting and dinner at the Warwick Hotel.

Jan. 16, 1959 (Baltimore, Md.)
Baltimore Security Traders Association 24th annual dinner at the Southern Hotel.

Jan. 29, 1959 (Chicago, Ill.)
Security Traders Association of Chicago annual winter dinner at the Sheraton Hotel.

Feb. 6, 1959 (Boston, Mass.)
Boston Securities Traders Association 35th annual dinner at the Sheraton Plaze Hotel.

Feb. 27, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner at the Bellevue-Stratford Hotel.

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

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

Clayton Securities Official Changes

BOSTON, Mass.—Calvin W. Clayton has been elected president and treasurer of Clayton Securities Corporation, 79 Milk St. C. Comstock Clayton has been named chairman; Kathryn V. McGoldrick, vice-president and clerk; and Harold D. O'Brien assistant clerk and cashier.

W. E. Pollock Opens San Francisco Branch

SAN FRANCISCO, Calif.—Wm. E. Pollock & Co., Inc., dealers in United States Government securities, announced the opening of an office at 315 Montgomery Street, under the management of William C. Nichols. Mr. Nichols was formerly with the Bank of America.

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 to be construed as an argument against literacy but merely a rather stark observation drawn from the fact that, in many sizable communities, we have more TV sets than bath tubs or 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 miserably neglected its obvious educational opportunities.

Ira U. Cobleigh

However that may be, we do have a vast TV industry with, all told, 530 stations including 35 educational and non-commercial channels. And radio, far from languishing on the vine, now honeycombs 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 (4,300,000 units), Motorola earnings from this division fell off sharply. Not only was the motor car trade poor in 1958, but the sales of home, 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 — declining sales, adjustments in swollen inventory, and a lower level of profitability. Motorola is a major maker of a 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 such warranty in the business today. With thousands of TV set users beset by "snow," flutters, and fadeouts, resulting in expensive repair charges, this company guaranty by Motorola is proving a most persuasive sales argument.

Stereophonic Pioneer

While TV and radio sales were on the soggy side in 1958, there was a very bright spot in the related field of entertainment electronics—to wit, HI-FI. Motorola was among the first to enter the market with stereophonic phonographs in 1958. Opening in a modest way in July, with a portable three piece stereo set, priced at $159.95, the company would have been happy to settle for a sale, in 1958, of 10,000 units. Actually, however, the model really struck pay dirt and over 72,000 sets were sold, and a healthy backlog built up for 1959. The able Motorola management now 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. The $12 million advertising budget at Motorola will be heavily slanted toward stereo this year; and Executive Vice-President Edwin R. Taylor, expects industry-wide stereophonic set sales to zoom from 750,000 units in 1958 to above 3,000,000 this year.

Consumer goods (the TV, radio and Hi-Fi items) account for about half of Motorola sales; the other half comes from transistors, communication, industrial and military electronics. In two-way mobile communications Motorola has pioneered and is the recognized leader, doing more than half of the business in the entire industry. This is a rapidly growing and highly profitable segment of company activity. Microwave business may be greatly expanded if certain restrictions are removed by the Federal Communications Commission; and radio controlled traffic light systems, operated by microwave, are believed to have a bright future.

Military electronics account for over 20% of Motorola sales, and include many items vital to our aviation, rocket and missile programs — airborne navigation equipment, missile guidance systems, airborne radar, radar beacons and ground communication systems.

The Profitable Transistor

One of the most rapidly growing outputs of the electronic industry is in semi-conductors, the principal of which is the transistor. Motorola has been hard at work, both at the research and production levels, in the field. Transistor production by Motorola increased, in 1958, by 100% over 1957, but is just beginning to get into the profit column. The transistor plant at Phoenix, Arizona, is slated for a $1,500,000 expansion this year, doubling present facilities, and pointing the way to a significant contribution to net profit in the later months. Motorola has, quite obviously, a very large "captive" market for transistors, and its latest portable TV 14-inch battery operated, all transistor set (announced last summer) should add measurably to the demand for semi-conductors. Motorola hopes to be able to mass produce this model at a popular price a year hence.

The foregoing, in swift outline, catalogs the product-mix at Motorola. Now 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 $1.66, as against $226 million in sales and $4.04 per share in net for the full year 1957. Since September, however, a sharp turnabout occurred and a resurgent fourth quarter will probably carry the sales total, for the year, past the $200 million mark; and generate a per share net of above $3. Final quarter results are expected to reveal net earnings of over $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 with a fine product line, inventories well below a year ago, and a strongly rising sales curve should prosper handsomely in 1959. The President, Mr. Robert W. Galvin, is of that opinion. He recently stated: "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—in higher net profits per dollar of sales.

Personal Investments

Capitalization of Motorola is quite simple: $19 million in long-term debt followed by 1,935,131 common shares. The top officers at Motorola certainly believe in their company, with about 25% of the equity held within the families of the President and the Board Chairman. It's always nice to know that somebody who really cares, is tending the store!

Financial position of Motorola is excellent with net working capital running above $50 million —easily ample for financing the $5 million total of expansion planned for this year, and indicating no need for public financing in the near term future.

Since 1941, Motorola, Inc. has paid cash dividends without interruption. The rate for the past six years has been $1.50 which, on the present market price of 60, produces a 2.5% yield. On the face of it, that return might not appear attractive but (1) electronic stocks in today's market all sell on a very low yield basis and (2) the plow back of net earnings is creating a much broader base for future earnings and (3) there is a reasonable expectation that an extra cash dividend may be paid in 1959. This year may well be the best in the entire history of Motorola carrying sales to a new high (above the $227.6 million of 1956), and net per share above the $4.39 recorded in 1955.

Sensibly Priced

Marketwise MOT is more sensibly priced than most electronics. Many such sell at from 25 to 45 times earnings, while MOT sells at only 19 times its current net. If it continues to sell on the same ratio, and does earn $4.50 this year, the indicated market quotation would be above 85. Market range in the past six years has been between 29 and 61.

In the intensive selective search which prudent investors are now conducting for stocks that have not taken off on gaudy flights from statistical realities, Motorola, Inc. may merit a detailed analysis. You might, for instance, like to compare MOT with International Telephone, another electronic 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 of the State Street Research & Management Company, investment managers for State Street Investment Corporation and Harvard College. Mr. Bowser has been with State Street since 1951. Mr. Wade has also been with State Street since 1951.

Other partners of State Street Research & Management Company are Paul C. Cabot, Richard C. Paine, Richard Saltonstall, Stephen Heard, William F. Morton, George F. Bennett and Allan T. Buros.

New Issue January 7, 1959

$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, Hanrahan, 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

Principal amount	Due January 1	Price or yield	Principal amount	Due January 1	Price or yield
$1,725,000	1965	3.20%	$2,525,000	1972	100
2,000,000	1966	3.30%	2,625,000	1973	3.80%
2,300,000	1967	3.40%	2,750,000	1974	3.85%
2,175,000	1968	3.50%	2,850,000	1975	3.90%
2,250,000	1969	3.60%	2,950,000	1976	3.90%
2,350,000	1970	3.70%	3,075,000	1977	3.90%
2,425,000	1971	100			

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 such of the undersigned as are registered dealers in securities in this State. The undersigned are among the Underwriters.

Dillon, Read & Co. Inc. — Halsey, Stuart & Co. Inc. — Kuhn, Loeb & Co. — W. H. Morton & Co. Incorporated

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

Glore, Forgan & Co. — Goldman, Sachs & Co. — Harriman Ripley & Co. Incorporated — Kidder, Peabody & Co. — Ladenburg, Thalmann & Co.

Lazard Frères & Co. — Lehman Brothers — Merrill Lynch, Pierce, Fenner & Smith — R. W. Pressprich & Co.

Smith, Barney & Co. — Stone & Webster Securities Corporation — B. J. Van Ingen & Co. Inc. — White, Weld & Co.

A. C. Allyn and Company Incorporated — Alex. Brown & Sons — C. J. Devine & Co. — Equitable Securities Corporation

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

Bear, Stearns & Co. — Blair & Co. Incorporated — Estabrook & Co. — Ira Haupt & Co. — Hemphill, Noyes & Co.

Hornblower & Weeks — W. C. Langley & Co. — Lee Higginson Corporation — F. S. Moseley & Co.

Paine, Webber, Jackson & Curtis — L. F. Rothschild & Co. — F. S. Smithers & Co. — Dean Witter & Co. — Wood, Struthers & Co.

Adams, McEntee & Co., Inc. — American Securities Corporation — Bache & Co. — Bacon, Stevenson & Co. — Barr Brothers & Co.

A. G. Becker & Co. Incorporated — Clark, Dodge & Co. — Dick & Merle-Smith — R. S. Dickson & Company Incorporated — Dominick & Dominick — Francis I. duPont & Co.

Eldredge & Co., Inc. — First of Michigan Corporation — Geo. B. Gibbons & Company Incorporated — Gregory & Sons — W. E. Hutton & Co. — Kean, Taylor & Co.

A. M. Kidder & Co., Inc. — Laurence M. Marks & Co. — Wm. E. Pollock & Co., Inc. — Riter & Co.

Roosevelt & Cross Incorporated — Schoellkopf, Hutton & Pomeroy, Inc. — G. H. Walker & Co. — Weeden & Co. Incorporated — Chas. E. Weigold & Co. Incorporated

Allen & Company — Bacon, Whipple & Co. — J. Barth & Co. — Baxter & Company — William Blair & Company — J. C. Bradford & Co.

Braun, Bosworth & Co. Incorporated — John W. Clarke & Co. — Coffin & Burr Incorporated — Hayden, Stone & Co. — Hirsch & Co.

The Illinois Company Incorporated — McDonald & Company — The Robinson-Humphrey Company, Inc. — Schwabacher & Co.

Stifel, Nicolaus & Company Incorporated — Spencer Trask & Co. — Tucker, Anthony & R. L. Day — Van Alstyne, Noel & Co.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Letter No. 44—Discussion of projects for nuclear propulsion of rockets and earth satellites with particular comments on **Tracerlab, Inc.** and **Combustion Engineering**—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

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

Canada—Year end letter—C. M. Oliver & Co. Ltd., 821 West Hastings Street, Vancouver 1, B. C., Canada.

Canada—Year end review—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Forecast for the Coming Year—In January issue of Monthly Investment Letter—J. R. Williston & Beane, 115 Broadway, New York 6, N. Y.

High Yielding Good Quality Equities—Selected list of 30—Gude, Winmill & Co., One Wall Street, New York 5, N. Y.

How to Use Options—Descriptive booklet—Filer, Schmidt & Co., 120 Broadway, New York 5, N. Y

Insurance Stocks—1959 reappraisal—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

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

Keeping Up—Developments in electronics—Television Shares Management Corp., 135 South La Salle Street, Chicago 3, Ill.

New England Trends—Bulletin—First National Bank of Boston, Boston, Mass.

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

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Tax Exempt Bonds—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Year End Bond Survey—Bulletin—Halsey, Stuart & Co. Inc., 123 South La Salle Street, Chicago 90, Ill.

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American Radiator & Standard Sanitary Corp.—Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Douglas Aircraft Co., Olin Mathieson Chemical Corp., Pacific Petroleums Ltd., Pittsburgh Coke & Chemical Co.,** and **Union Pacific Railroad Co.**

Baltimore & Ohio—Report—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Carolina Natural Gas Corp.—Memorandum—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Chemetron Corp.—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also in the same pamphlet are reviews of **Clevite Corporation** and **Revere Copper & Brass.**

Chemirad Corporation—Report—P. W. Brooks & Co., Inc., 115 Broadway, New York 6, N. Y.

C & O Flash Annual Report for 1958 and the 1959 Chessie Calendar — Chesapeake and Ohio Railway, 3850 Terminal Tower, Cleveland 1, Ohio.

Clevite Corp.—Data—du Pont, Homsey & Co., 31 Milk Street, Boston 9, Mass. Also in the same circular are data on **Colorado Fuel & Iron, National Distillers & Chemical,** and **Royal McBee.**

Columbus Electronics Corporation—Analysis—Sano & Co., 15 William Street, New York 5, N. Y.

Cook Coffee Co.—Memorandum—A. G. Becker & Co., Inc., 120 South La Salle Street, Chicago 3, Ill.

Diamond Alkali—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Golden Age Mines, Ltd.—Report—Arthur I. Korn & Co., 30 East 60th Street, New York 22, N. Y.

Granite City Steel—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Sanborn Company.**

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

Kerr McGee Oil Industries—Review in current "ABC Investment Letter"—Amott, Baker & Co. Inc., 150 Broadway, New York 38, N. Y. Also in the same issue are data on **Long Island Lighting Co., Standard Oil of Indiana; Pan American Sulphur Co.,** and **Delhi Taylor Oil Corp.,** and a tabulation of the performance record of Amott Bakers 1958 recommendations.

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

Pan American World Airways—Analysis—Halle & Stieglitz, 52 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 Broad Street, New York 4, N. Y. Also available is the monthly investment letter with data on **Ford Motors, Richfield Oil,** and **Armour & Co.** and a memorandum on **Northern States Power Co.**

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

Sutherland Paper Company—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Turbo Dynamics—Memorandum—Simmons & Co., 56 Beaver Street, New York 5, N. Y.

United Gas Improvement Co.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa.

U. S. Steel—Bulletin—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

Van Raalte Company, Inc.—Reprint 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—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on **Lakeside Laboratories, Inc.**

Westinghouse Air Brake—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

From Washington Ahead of the News

By CARLISLE BARGERON

Movements in both Houses against the Republican leadership show the restlessness of Republicans. In view of their small leadership, it doesn't make much difference who leads them. They are bitter, though, about their defeat in November and feel that they must take it out on somebody.

Carlisle Bargeron

The idea of wanting to replace Senator Dirksen of Illinois with a "liberal" is ridiculous on its face. It is true that he was a Taft man. He made a devastating speech at the Chicago convention in 1952 begging Tom Dewey not to "lead us down the path of defeat again." Dewey at the time was engaged in nominating Eisenhower.

At that time Dirksen was counted as one of the old guard. But he changed with the advent of Eisenhower and no one in the Senate has given Ike more support. He is an apostle of the philosophy that "the King is dead, long live the King." So much indebted to him did Eisenhower feel that in 1956 he made a special trip to Chicago to urge Dirksen's reelection. It is significant that Eisenhower would have no part of the movement to displace him. One wonders just how much "liberal" the insurgents want a man to be. In the last six years Dirksen has been practically a "yes" man for the President.

The same is true of Joe Martin, House Republican leader. He has slowed down a little in recent years but he has fought for every measure that Eisenhower sent up to the Hill. No one is held in more affection than he. Several times he has acted against his better judgment in supporting Eisenhower's proposals, but it is extremely doubtful if anybody else could have done as well with them as he did.

For several years Charlie Halleck, of Indiana, has been gunning for Martin's job. Undoubtedly Halleck is one of the most capable men in the House, quick on his feet and an able parliamentarian. But the result of his trying, and succeeding, in getting Martin's job has left him without any position in the House at all. It is amazing that one who has so much influence is not even the chairman of a committee.

He gets his influence by virtue of a personal association with Eisenhower. Early in his administration, Eisenhower let it be known that he was very fond of Halleck and considered him as one of the most promising younger members of the Republican party. Until recent months he had ready access to the White House, almost as much as the leaders had. Possibly the Republicans will be more aggressive under him but it is difficult to see how. He was one of three Indianans to be returned this year.

Both his mother and father were practicing lawyers and Charlie is a Phi Beta Kappa.

Martin is more of a back stage operator. Halleck is at his best on the floor. His victory over Martin is bound to leave a lot of ill feeling that will tend to make the party more demoralized than it is now.

In all the upheaval attendant upon the new Congress one leader seems to have come through unscathed. He is Senator Styles Bridges of New Hampshire, chairman of the policy committee. In all of the manuverings for the leadership on the Senate side there has been no effort or talk of any effort to remove him. Although still a relatively young man, Bridges is the oldest Republican in point of service and his voice is probably the most powerful. He is another back stage operator.

The man whom the Republicans nominated to succeed Dirksen, Senator John Sherman Cooper of Kentucky, is one of the ablest men in the Senate.

He is an in and outer. Coming from a normal Democratic state, he once served a short-term but was defeated as soon as the next election came around. He served for a while as ambassador to India and is said to have done a much better job than Chester Bowles about whom we heard a lot.

But I am surprised that Cooper is enough of a "liberal" to become their leader. He is quite international minded and perhaps is a "liberal" in that field. But on domestic affairs he has his feet planted very well on the ground. I would look upon him more as an oddity in that he has been elected in a democratic state, although a Republican.

Cruttenden, Podesta Absorbs McAndrew Co.

SAN FRANCISCO, Calif.—Cruttenden, Podesta & Co., members of the New York Stock Exchange and other leading exchanges, announce that the securities business of McAndrew & Co. Incorporated will be conducted by Cruttenden, Podesta & Co.

The firm will maintain a direct San Francisco-Chicago-New York wire.

Joins Scherck, Richter

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Julius Lesser is now with Scherck, Richter Company, 320 North Fourth St., members of the Midwest Stock Exchange.

Effect of Recent Changes in Monetary Units

By PAUL EINZIG

British commentator appraises recent sterling and franc monetary changes and, in so doing, cautions that it is still premature to form a definite opinion. Expects permanent increase in the turnover of London foreign exchange market and a larger inflow of deposits from abroad, and traces factors—should they arise—that would produce the opposite effect. Taking a long view, suspects Britain stands to lose rather than gain through influx of foreign balances.

LONDON, Eng. — Although the first reaction to the important monetary changes announced during the Christmas weekend was unfavorable to sterling, before very long second thoughts prevailed in the foreign exchange market. Sterling recovered from its initial weakness and remained steady during the first week of its new improved status.

Dr. Paul Einzig

Indeed, quite unexpectedly security sterling rose above the sterling-dollar parity, for the first time in its existence. This type of sterling is not affected by the convertibility decision, because the sterling proceeds of foreign investments remain technically inconvertible. Since, however, it is now possible to sell these proceeds at a shade above par and only a shade under the market rate for sterling, for all practical purposes, security sterling is also convertible. The only difference is that, should there be large realization, of such sterling, the rate might conceivably decline below the official limit of $2.78, because this limit does not operate for inconvertible security sterling.

The return to convertibility was a red letter day for the London foreign exchange market. It made arbitrage much easier. Even though it is premature to judge by the experience gained since the change, it is reasonable to expect that the result will be a permanent increase in the turnover of the London foreign exchange market. There are already indications that London's influence in determining international exchange rates has increased to the detriment of New York, Zurich, Frankfurt, Amsterdam and other centers.

London banking circles widely assume that the change in the status of sterling will attract an increased volume of deposits from abroad. Continental and other overseas banks and business firms may now hold sterling as an alternative to holding dollars on the safe assumption that they can switch into dollars at a moment's notice. Refugee balances, too, may be kept in London in preference to New York by continental holders who find it more convenient to be able to pay visits to their London banks without incurring undue expenses.

Effects of Franc Devaluation

It would be premature to form a very definite opinion about the effect of the franc devaluation. There were some repatriations of 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 the devaluation on the industrial situation.

At the time of writing it is by 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 devalued level. There is an outcry against the effect of the devaluation 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 industrial workers have no genuine grievance. In France, as in Britain and the United States, they have been thoroughly pampered and spoiled during the postwar period. They consider it to be their privilege to be exempted from any sacrifices however necessary in 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 weaken the prospect of the franc. Until it becomes evident whether this will in fact be the case, 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 leader of the Opposition, Mr. Gaitskell, while criticising the return to convertibility, disclaimed 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. Gaitskell's hand to suspend convertibility regardless of his present intentions.

Misgivings 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 obviate 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 that Britain stands to lose rather than gain through such influx of funds.

Brown & Winfield V-Ps. Of A. G. Becker & Co.

CHICAGO, Ill. — Roger O. Brown and Robert C. Winfield have been elected vice-presidents of A. G. Becker & Co. Incorporated, 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. Desbrow is now with Dempsey-Tegeler & Co., 210 West Seventh Street. He was formerly with Walston & Co., Inc., and Lester, Ryons & Co.

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 as part of an economy program 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 indefinitely they are "living in a fool's paradise."

Here are some words not directed at any particular agriculture program or policy but things that are in my mind because of my membership on the Senate Committee on Finance. Twice in a year we have had the Secretary of the Treasury before the Senate Finance Committee asking for authorizing legislation which would permit the national debt to be increased. We visualized it going from $275 billion to $288 billion and it is now over $280 billion and on its way upward.

Clinton P. Anderson

We are in the fiscal year in which the anticipated deficit will be $12 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 banking 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 now our dollar erodes a little more. We are not going to stop the dilution or erosion 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 and 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 them all up when the Congress has finished its work, and if they exceed the amount of anticipated revenues try to reduce them to bring them in balance with expected receipts. I would favor a provision that would either automatically reduce appropriation totals to the level of anticipated revenues or require the Congress, by a two-thirds or three-fourths affirmative vote, to decide that it wanted to continue deficit spending.

Immediately that would bring some governmental programs into review. It would result, in my opinion, in lopping off at least $2 billion of foreign aid, 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 national debt, could 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 vulnerable 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 1953-54, the total U. S. Department of Agriculture expenditures were $2,950,000,000. That was against realized farm incomes in 1953 of $13,880,000,000, so that spending in the Department of Agriculture was about at the rate of 20% of the income farmers received. I know that that is not really any tie between them, but every time the farmer took in a dollar the Department of Agriculture was spending 20 cents.

During this fiscal year, the Department of Agriculture will spend $6,900,000,000, and during this calendar year farm net income will run about $13,000,000,000. So this year every time the farmer takes in a dollar the Department of Agriculture is spending 53 cents. We have allowed this spending to jump from 20 cents 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 Federation's official newsletter. On page 184, the back sheet of a four-page paper, there is a story headed: "1959 Conservation Reserve Applications Exceed Goals." That story told how farmers have signed applications for 1959 contracts in the Conservation Reserve of the Soil Bank which offer more acreage than is provided by the goal for the program in most states and nationally. For the country as a whole 232,000 applications would call for putting more than 20 million acres in the reserve. The Department of Agriculture had set up a national goal for the 1959 sign-up of 12.5 million acres.

The news story pointed out that if all the farmers who signed the applications were offered contracts by the County Agricultural Stabilization and Conservation Committees, the first year of practice in annual payments would require more than the $285 million available for payments next year on new contracts. I made some rather quick calculations and I decided that if 12.5 million acres would use up $285 million, 20 million acres would cost $466 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 same page of the same newsletter in another column talks about wheat. It tells us that the wheat production which was running at the rate of 858 million bushels during the 1937-41 period reached 1,449 million bushels in 1958. We had wheat running wild in the 1937-41 period. We had total wheat plantings that got up as high as 75 million acres. We trimmed the wheat acreage by law to 55 million acres. Then the farmers of this country put 5.3 million acres of wheat-land into the acreage reserve 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 eat it, faster than we can give it away, and much faster than we can profitably 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 happens? The percentage of New Mexico population living in towns and cities was less than half of the state's total in 1950 but by 1965 it will be 74%. Does any farmer think that a New Mexico representative in the Senate or the House can keep on voting for agricultural programs which pile up wheat in warehouses way beyond the needs of the domestic trade, far beyond the needs of the export trade, far beyond the requirements of relief programs,

*From a talk by Sen. Anderson before the First Annual Farm and Livestock Credit Conference, Las Cruces, N. M.

and completely beyond the capacity of our warehouses to store? Do you think the 8% scheduled to be living on New Mexico farms by 1965 can persuade Congressional representatives that programs to produce wheat for the treasury rather than the trade make any sense? I don't believe so.

I say that any farmer who believes that these programs will go on without interruption and that meanwhile he will be paid fantastic prices to take a little bit of his land out of cultivation is living in a fool's paradise, and the quicker he realizes it the better off he will be.

I pointed out some years ago that I had heard a fable. This fable told of a man in the eastern part of this state who had several thousand acres of dry farming land that he wanted to sell at about $20.00 per acre. But along came his Uncle Sam with a new conservation reserve. So the man divided his land into tracts of 540 acres each and offered this land at $60.00 an acre but no money down. The new buyers were told they could put it in the conservation reserve and the government would pay them $9.00 an acre for 10 years, which would pay 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 540 acres 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 that was 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 under the soil bank proposal which I attempted to substitute in the Senate Agriculture Committee for the language offered by the Secretary of Agriculture. Such a practice is indefensible, and if any such contracts are in existence, this would be a good time to bring them to a halt.

Would Drastically Cut Appropriation

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 agriculture programs ought to be on a sound basis, and the best way the Congress can put them there 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 departmental expenditures which will stay within the two billion dollar figure because the Congress can't afford to give him more. I think it is time to cut agricultural spending about $5 billion per year and when this is done other government departments can trim their sails 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 extending the right kind of credit to the farmers and livestock men, 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 by their contribution to an 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 me to be the one we should now be following.

Chas. Weigold Names Torgersen, Oltmanns

Chas. E. Weigold & Co., Inc., 40 Wall Street, New York City, announces the election of William R. Torgersen as a Vice-President and Warren J. Oltmanns as Secretary of the company.

Mr. Torgersen started with the company in 1938. He entered the United States Army Air Force in September, 1942 as a private, worked in Air Force Communications, and was commissioned in March, 1944. He served in the Pacific with the Army Airways Communications System and returned to the company in 1946. He has served in all phases of the business and is presently engaged in buying and trading.

Mr. Oltmamns was graduated from Hofstra College and the Harvard Graduate School of Business Administration. He served in the Pacific Theatre of the Army during World War II, and returned to start his business career in 1946 with the company. He has served since in various capacities, and is presently devoting most of his time to sales work.

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 was formerly with Waddell & Reed, Inc.

Wm. Sinnreich Opens

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

Partners in Sutro & Co.

SAN FRANCISCO, Calif. — Sutro & Co., 460 Montgomery St., members of the New York and Pacific Coast Stock Exchanges announces that Sidney L. Schwartz, for many years senior partner of the firm has become a limited partner. John C. Hoyt has been admitted to general partnership with headquarters in San Francisco; Maurice Schwarz, Jr. has become a general partner and will be resident partner in the Beverly Hills office, 275 North Canon Drive.

Mr. Schwartz joined Sutro & Co. in 1906 becoming a partner and the firm's member of the San Francisco Stock Exchange the following year. His 51-year membership continues as the longest tenure in the history of the Exchange. Mr. Schwartz has served as President of the San Francisco Stock Exchange for nine terms and was the creator and First President of the San Francisco Stock Exchange. He has also served as a Governor of the New York Stock Exchange.

Sutro & Co. in 1958 celebrated the 100th anniversary of its founding.

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.

Fiscal Responsibility

By PERCIVAL F. BRUNDAGE*
Former Director of the Federal Budget
Consultant, Price, Waterhouse & Co., Washington, D. C.

Former Budget Director blames Congress for much of the Federal deficit looming up 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 did it feel 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 it. His answer was 'if it wasn't for the honor of the thing I'd rather walk.'"

Percival F. Brundage

It was a terrific strain to be one of the focal points of continuous 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 complicated. 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 resolve to keep it 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 each end, 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 review briefly, 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 going over. 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 needed requests for appropriations and many unnecessary increases are added.

This is vastly different from the system in all other countries where the party in power takes responsibility for the budget that is submitted, and it is either accepted and passed, or rejected by the Parliament. I firmly believe that our present system is unwieldy, costly, and unsatisfactory.

As an illustration of what happens, 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 last January.

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 postal rate increases which would bring in an estimated $725 million; Congress voted increases estimated to total $546 million, but also gave pay increases to postal employees exceeding our recommendations by $219 million (including $117 million retroactive). This cut our net savings 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 would have eventually brought us $211 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 half of 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 I believe would have eventually resulted in annual savings of at least $500 million; Congress did not even consider it.

We proposed reductions in REA loan programs, which largely cover not farmers but industry which is now spreading out into the rural communities. This would have saved $200 million a year eventually, but Congress gave us nothing.

The Budget proposed increased local participation in public assistance which could have saved $250 million a year. The Federal proportion was ill-advisedly increased last year. Congress on the other hand increased the Federal portion again which cost an additional $197 million.

The President proposed limiting school aid in Federally affected areas by increasing local participation, and this would have saved $190 million, but it was not enacted.

We asked for greater flexibility in price support for agriculture. Congress gave us some flexibility but at much larger cost. We asked to have the acreage reserve end with the 1958 crop year which would have saved $525 million. Congress ended it but liberalized it last year with a net saving of only $275 million. To sum up, the proposed savings came to $3½ billion, and Congress gave us only half a billion.

But this is not all. Congress raised appropriations beyond our requested amounts: Department of Defense military, $1.3 billion; General Services Administration for public buildings, $200 million; National Institutes of Health, $96 million, for the third successive year; Public Works Appropriations, $61 million; (in addition, the future year costs of the new starts Congress approved will be $694 million). In total, the increases came to $2.2 billion.

Other budget increases were made outside of appropriation acts. For example: Emergency Housing Act—$1.8 billion; changes in the Federal Aid to Highway Act which will lead to an increased highway fund deficit of $850 million; pay raises over the budget, a total of $845 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 increased our budget proposals by over $5 billion.

I cannot believe that this kind of operation is satisfactory to the taxpayers or adequate to our needs today. I don't know anyone better fitted than C.P.A.'s to improve it.

I have frequently thought of the story of the Texan who was visiting Washington for the first time. He was shown around the White House, the Treasury and the Capitol but was not overly impressed. That evening he remarked to some friends, "Thank heaven we're not getting all of the government we pay for."

This brings me to a second serious failing in our fiscal system. We spend millions of dollars in preparing our budgets 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 private business follows up so closely. Here lies the greatest opportunity for self criticism and improvement for the future. The Bureau of the Budget of course apportions funds, the Treasury summarizes expenditures, and the General Accounting Office makes a post audit to see that they were not made for unauthorized purposes. But no one determines how much was spent for unnecessary or undesirable purposes and why.

Administration Leadership

Let me turn now to a third place to which public attention should be directed. I believe the American people and the press have got to change their attitudes

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*An address by Mr. Brundage before the 28th Annual Meeting of the New Jersey Taxpayers Association, Newark, N. J.

Alaska Beckons: "Go North Young Man, Go North"

By HON. B. FRANK HEINTZLEMAN*
Former Governor of Alaska
Regional Vice-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 his state's potential economic and natural resources. In the hands of a "Have Not" nation, Mr. Heintzleman declares, Alaska would have been substantially developed. Envisions a decidedly rising population and what it would mean in terms of increasing American markets; depicts growing Alaskan export opportunities around the Pacific Rim and elsewhere, including China when that country's affairs are acceptable; and lists specific facilities and supplies opened to U. S. suppliers by Alaskan activities. Cautioning that this Scandinavia-latitude region does not have "readily tapped wealth," the Alaskan explains what can be accomplished, and how a "boom and bust" economy will be avoided.

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 connection it is interesting to note a widespread reawakening of the Pioneer Spirit that was so effective in the "Winning of the West" in the previous century. This can be observed in corporate bodies as well as individuals.


B. F. Heintzleman

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 bring more rapid growth to Alaska than has been the experience under Federal guardianship. Principally this will mean offering encouragement to the development of natural resources by private enterprise. Making substantial headway 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 borrow 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 transpolar flying routes have brought many permanent public works, especially highways, air fields, and port facilities that will contribute 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 up the slack in the local economy that could come at any time with a heavy withdrawal of military forces. This gives urgency to our natural resource development programs, but we propose to go far beyond plans for merely not slipping back. We want to smooth the way for obtaining a steady increase in permanent population 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 586,000 square miles (more than twice the size of Texas—we always add—just to get a rise out of Texans) gives Alaska a population density per square mile of 1/165 that of the average of the 48 states as a whole.

At this point a thumbnail sketch of Alaska's past may be of interest. Its history started in 1741 (217 years ago) when it was first visited by Vitus Bering (a Dane for whom Bering Sea and Bering Strait are named—an explorer in the employ of the Russian Czar.

The Unpopular Purchase

Russia used its new possession solely as a source of furs. Throughout its long occupation of "Russian America," as its possession was known, it discouraged colonization or the exploration for and use of other resources than the highly prized fur of the sea otter and fur seal and a few upland fur animals. By 1867 these fur resources had been so decimated by over-killing that the possession was hardly paying its way. But a more immediate reason for sale to the United States, and at the very low price of $7,200,000, was the fear of seizure by Great Britain. The rival fur traders—the Russian American Fur Co. and the Hudsons Bay Company had been feuding for years over their respective rights on land and water in this section of the world. In the United States, at the time, the purchase was highly unpopular. The terms "Seward's Folly" and "Walrussia" —from Walrus, of course—were applied everywhere in deriding it. The reasons back of our purchase of Alaska have long been debated. Some have said we bought it to reward Russia for proffered help if needed in the Civil War. Others that it was to help the fishing companies in the newly acquired California and Oregon Country to extend their operations to the north. Many of us, however, credit the then President Andrew Johnson and his Secretary of State, William H. Seward, who conducted the negotiations, with foresight of the highest order in taking over this huge section of North America which in the hands of any other nation could have caused us trouble. Think of the situation we would have faced if Alaska had remained Russian until 1904 and had then been taken by Japan in the Russo-Japanese war; or the predicament we would be in today if Russia still owned it. Johnson and Seward also seem to have considered that Alaska offered at least the probability of possessing natural resources and an area for settlement that might prove useful at some future time to an expanding United States population. For all of this, the purchase price of two cents per acre doubtless must have seemed very attractive.

Almost all of the Russians in Russian America were employees of the fur company and they returned home at the time of the sale. The only residents left after the departure of the Russians were 25,000 or 30,000 native Indians and Eskimos.

The United States received from Russia in 1867 a region that practically was in the same condition as the Russians found it, a century and a quarter earlier, namely—almost 100% wilderness.

Alaska's detached position from Continental United States was responsible in part for checking any substantial advancement into Alaska when the surge of western migration reached the Pacific in Oregon and Washington. Throughout its long American history, however, the Territory has lagged in growth because Continental United States, with a bountiful supply of natural resources, has not had a pressing need for most of the things Alaska has to offer. In the hands of a "Have-Not" nation—for instance, Japan, a near neighbor—Alaska's resources would long ago have been developed substantially and much of its vast open space filled with people.

New Era Since World War II

But a new era seems to have opened since the close of the Second World War and we see this as changing the picture of Alaska 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 presently selling pulp and lumber to Japan with early prospects for adding coking coal and iron ore and possibly petroleum to this list. This business is

Continued on page 34

*An address by Mr. Heintzleman before the National Industrial Conference Board's 389th meeting, Cleveland, Ohio.

Upward Momentum to Carry Economy To New Levels in 1959

By HON. LEWIS L. STRAUSS
Secretary of Commerce

Commerce Secretary Strauss predicts peak income and production rates said to have been achieved in late 1958 would improve further this year. Admiral Strauss, until recently Chairman of the Atomic Energy Commission, charts increasing the number of employed as the prime objective in 1959. Hails fourth quarter 1958 GNP for breaking "all previous records" and sees this momentum continuing in 1959 to new levels.

As the New Year begins, the overall economy has regained the record high reached in mid-1957. The prospect is for further improvement.


Lewis L. Strauss

We entered 1958 with the economy in accelerated decline and with uncertainty and pessimism widespread. Recovery commenced in the Spring. Today, we start the New Year from a position of increasing strength and of growing confidence.

Although most economic indicators report progress, a few still lag. Automobile production, previously retarded by strikes and weak sales, looks more hopeful; the full test of the market should be in the Spring.

The decline in plant and equipment expenditures ended last Fall. The latest survey of intentions by businessmen for the first quarter of the New Year indicates firming tendencies but at an investment rate only slightly in advance of the final quarter of 1958.

Employment has increased above recession levels. From an unemployment figure of a little over five million, seasonally adjusted, in the month of April, we have seen a reduction to approximately four million by the year-end. However, with the number of unemployed still above normal, a prime objective in 1959 will be more work for more people.

On the plus side, the total Gross National Product — the so-called "measurement of prosperity"—in the fourth quarter of 1958 broke all previous records in value and, after allowing for price rises, the physical volume of output is estimated to equal the peak attained in the summer of 1957. The momentum continues.

The long range outlook also has an encouraging influence on the economy. The coming year will bring us to the threshold of the 1960-70 decade during which the impact of population increase and the continuing flood of invention and technological progress will provide unprecedented opportunities for capital investment and expanding employment and sales. These factors are part of the base for a prosperity which should surpass anything we have experienced.

Of course, the ascending curve will exhibit periodic pauses and fluctuations, but, barring war, and if we employ our dynamic free enterprise system effectively, the course will continue upward.

1958 Year-End Economic Review

The early part of 1958 saw the end of the sharpest, but shortest, recession in the postwar period, followed by a sustained expansion which advanced the value of national output (Gross National Product) to more than $450 billion at a seasonally adjusted annual rate in the final quarter. This was substantially higher in current dollars than the peak reached in the third quarter of 1957 — and, what is of vital significance, equal to it in real volume.

For the year, gross national product totaled $437 billion, which was off 1% from 1957 in value, but with higher average prices the volume was down about 3%.

The movement of national output showed a larger swing on a quarterly basis. During the business downturn, the value of output declined 4½% — from an annual rate of $446 billion in the third quarter of 1957 to $426 billion in the opening quarter of 1958. After adjustment for the continued rise in prices over this period, the contraction in real terms amounted to 5½%. This exceeded the peak-to-trough movements of 2% and 4% in the 1948-49 and 1953-54 recessions.

Expansion During the Year

The decline ended in the spring and was succeeded by a substantial advance in output and income. The initial rise in production was evidenced primarily in increased hours of work, with little change in the number of workers. Hours of work had dropped well below the usual full workweek in the early months of 1958.

In the third quarter, workers were added to the rolls, and the workweek further lengthened. The total value of output in that period reached an annual rate of $439 billion—a rise of $10 billion from the second quarter.

Business activity continued to expand in the closing months of 1958. A sizable advance occurred in consumer spending, with durable goods registering a noticeable pickup. Government expenditures were also up, and business inventory liquidation, which was an important factor in the earlier decline, came to a virtual halt.

The effects of the 1957-58 recession were most marked in the demand for durable goods and business construction. In contrast, demand for nondurable goods and services was well sustained. Such buying is closely linked to current consumption needs, and consumer behavior in the 1957-58 recession reflected the fact that disposable, i.e., after-tax, income at no time underwent any substantial contraction. In fact, aggregate spending for nondurable goods and services was scarcely checked in its postwar growth, and at year-end was considerably larger than a year ago.

The declining trend in homebuilding was reversed early in 1958, and was followed by a strong advance that brought the industry to an unusually high volume in the latter part of the year. The acceleration of contract placements for national security programs towards the end of 1957 was subsequently reflected in an upturn in procurement. The simultaneous rise in social security payments under the unemployment and old-age and survivors' insurance programs added to current consumer buying power.

Recession and Recovery

From the third quarter of 1957 to the first quarter of 1958, the reduction in purchases for all final uses totaled 2%. It involved relatively deep sales declines in autos and in a variety of investment-type goods. These, together with the associated swing to general inventory liquidation by business concerns as the near-term market outlook clouded, were major depressing factors.

The result of the cutback in demand and production was a relatively sharp decline in income. The rise, however, in unemployment and other social security benefits made up for more than half the overall decline in total payrolls. At the same time personal taxes decreased with the cut in taxable earnings and, despite the sharp fall in corporate earnings, the flow of dividends was maintained at about the 1957 rate.

During the recession, the 5% cut in earnings from current production was thus not reflected in disposable personal income, where the drop amounted to barely more than 1%. Consumer incomes were largely shielded from the drop in national output.

Employment and Unemployment

Employment has shown a gradual climb since the first quarter of 1958, but the total remains well below the 1957 high. During the recession, the decline in employment occurred chiefly in durable goods manufacturing industries, in mining, and in transportation. There has been a significant recovery in manufacturing, but the other two groups have shown little pickup. Elsewhere in the economy, employment declines were small, and some subsequent rise has occurred in most groups.

Unemployment increased during the early part of 1958, but showed an appreciable decline in the latter part of the year. It remained higher, however, than in other recent years, in reflection of the usual tendency for a rise in employment to lag behind an increase in output during the earlier stages of a cyclical business recovery.

Smaller Price Changes

Consumer prices rose through midyear and have since shown little change, as food prices leveled off and subsequently declined. Food prices earlier in the year reflected a shrinkage in supplies during a period in which demand remained firm. Prices of commodities other than food have also risen over the past year, but by a considerably lesser amount. Prices of services have advanced more than other major components of the consumer price index.

Situation at Year-End

The United States economy has made quick and substantial recovery from the recent cyclical setback, and the forward thrust continued as 1958 came to a close. The physical volume of total output is currently back to its prior peak. The employment situation has improved.

While the expansion in business since last spring has been substantial, and the base of recovery has widened, some major elements of demand are still lagging.

The decline in business outlays for plant and equipment has been halted but there is as yet no clear-cut evidence of a renewed upswing. The same generalization applies to U. S. exports of goods and services, which were reduced sharply during the recession. Also still to be tested is the basic strength of the demand for automobiles. Auto sales have recently improved with the introduction of the 1959 models, but with the interruptions to production arising from industrial disputes—which delayed full-scale output of the new models—it is as yet too early to gauge the size of the current market.

As the new year opens, consumer incomes and purchasing are at a new high in both dollar and real terms. The Federal, State and local governments continue to provide a sizable market for goods and services, and public programs in many fields, including highways, are moving ahead. The volume of residential building has improved; liquidation of inventories has been curtailed as a better balance was achieved between production and consumption.

Substantial overall gains made at the end of 1958 establish an upward momentum which can be expected to carry the economy to new levels in 1959.

J. B. Goodbody Partner In Goodbody & Co.

James B. Goodbody has been admitted as a general partner in the investment firm of Goodbody & Co., 115 Broadway, New York City, and to membership on the New York Stock Exchange, effective Jan. 1.


James B. Goodbody

Mr. Goodbody is a great-grandson of Robert Goodbody, who founded the firm in 1891, and is the fourth generation of his family to hold membership on the New York Stock Exchange.

The new partner is a son of Harold P. Goodbody, managing partner of the firm, and a great-nephew of the late John L. Goodbody and Marcus Goodbody, both former partners of Goodbody & Co., the former from 1914-51, the latter from 1902 until his death this year.

Goodbody & Co., members of the New York Stock Exchange and other leading stock and commodity exchanges, operates 38 offices throughout the country.

Dallas Union Securities To Be NYSE Member

DALLAS, Tex. — Dallas Union Securities Co., Inc., Adolphus Tower, will become members of the New York Stock Exchange Jan. 15th, with the acquisition of an exchange membership by B. Franklin Houston.

Officers of the firm are T. H. Obenchain, president; B. Franklin Houston, Dick Clark, Jr., James C. Owens, Jack C. Payne, vice-presidents; Jack P. Brown, vice-president and secretary-treasurer; Philip L. Hendrix, assistant secretary-treasurer.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Broadening its present world-wide facilities, **Chemical Corn Exchange Bank, N. Y.,** has organized a wholly-owned subsidiary which will be known as Chemical **International Finance Ltd.,** Chairman Harold H. Helm announced on Jan. 2.

Amos B. Foy

Mr. Helm, who has been elected President of Chemical International Finance Ltd., announced that Amos B. Foy, who is a Senior Vice-President of the bank's International Division, will direct the company's operations as Executive Vice-President.

In discussing the new company, Mr. Helm explained, "Chemical International Finance Ltd. will not be restricted to 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 projects which require 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 Corn Exchange Bank, New York** is was announced on Jan. 7 by Harold H. Helm, Chairman.

Mr. Love, joined Chemical in 1951. He is a member of the bank's International Division, 165 Broadway, where he is responsible for its Far Eastern business.

Mr. Hauser is in charge of the Bank's Mortgage Loan Department at 30 Broad Street.

* * *

CHEMICAL CORN EXCHANGE BANK OF NEW YORK

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	3,593,567,713	3,184,890,779
Deposits	3,174,002,554	2,787,584,766
Cash and due from banks	945,243,956	613,977,061
U. S. Govt. security holdgs.	585,707,523	572,098,141
Loans & discts.	1,524,399,145	1,470,646,926
Undiv. profits	45,637,760	42,829,445

* * *

Edward M. O'Brien, Jr., of **Bankers Trust Company's New York,** Investment Research Division, has been named a Vice-President of this division, it was announced on Jan. 5 by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore made known the elections to Assistant Vice-Presidents of Gorge B. Denious, of the Personal Trust Division and Alan Rothmayer, of the Methods Division. Named to the official staff of the company were: Sanf H. Dawson, Assistant Treas er, Madison Avenue Office; Nicholas J. Foley, Assistant Treasurer, Public Utilities Group; Daniel J. Sullivan, Branch Manager, 94th Street Office and Joseph E. Viel, Branch Manager, Burnside Avenue Office.

Mr. O'Brien joined Bankers Trust Company in 1950 as a junior analyst in the Investment Research Division concentrating on the Petroleum and Automobile fields. Mr. O'Brien was named an officer of the company in 1955 and named an Assistant Vice-President later that year.

Mr. Denious joined Bankers Trust Company in 1934, he was assigned to trust investment work. Named an Assistant Treasurer in 1953.

Mr. Rothmayer joined the company in 1946 in the Personal Trust Division. Later, he was assigned to the Pension Trust Division and was named a manager of the combined Pension and Personal Trust Department in 1955. Named an officer of the bank in 1956, Mr. Rothmayer has been with the Methods Division of the company since 1957.

* * *

BANKERS TRUST COMPANY, NEW YORK

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	3,127,664,879	2,891,024,338
Deposits	2,779,132,984	2,523,564,896
Cash and due from banks	903,774,811	726,794,348
U. S. Govt. security holdgs.	629,521,625	557,042,962
Loans & discts.	1,391,104,667	1,384,340,859
Undiv. profits	67,962,118	64,835,958

* * *

The election of Francis K. Gibbons as a Vice-President of **J. P. Morgan & Co., Inc., N. Y.,** was announced. Other elections were, John P. Morgan 2nd, Assistant Vice-President, Charles W. Bergman, Albram Claude Jr., Richard E. Hart, David L. Hopkins Jr., John S. Lawson, Neil M. Holt and John G. Thompson as Assistant Treasurers, and Alfred S. Smith as Assistant Trust Officer.

* * *

J. P. MORGAN & CO., INCORPORATED NEW YORK

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	982,560,034	918,535,476
Deposits	857,868,671	790,796,637
Cash and due from banks	242,685,323	186,615,861
U. S. Govt. security holdings	235,000,649	246,582,012
Loans & discounts	391,219,811	362,309,060
Undivided profits	18,050,836	17,158,722

* * *

Elected Vice-Presidents of the **Bank of New York,** were Gordon D. Brown, Howard J. Poduska and J. Lenox Porter.

* * *

THE BANK OF NEW YORK

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	620,358,278	520,287,015
Deposits	543,484,450	449,288,721
Cash and due from banks	210,814,151	123,399,116
U. S. Govt. security holdings	95,537,635	94,563,732
Loans & discounts	266,953,078	250,630,135
Undivided profits	6,224,258	5,839,821

* * *

The Northern New York Trust Company, Watertown, N. Y., was given approval to increase the capital stock from $2,000,000 consisting of 80,000 shares of the par value of $25 each, to $2,280,000 consisting of 80,000 shares of the par value of $28.50 each.

* * *

Certified copy of Final Order of Dissolution granted at a Special Term Part II of the Supreme Court of the State of New York, held in and for the County of New York at the County Court House thereof, on Dec. 29, 19 8, declaring **Peoples Industrial Bank,, New York,** dissolved and its corporate existence terminated, filed with the New York State Banking Department.

* * *

The appointments of Gerard J. Creamer, Gaius W. Merwin, Jr. and Daniel I. Sargent as Vice-Presidents of **Manufacturers Trust Company, New York** are announced by Horace C. Flanigan, Chairman of the Board.

Mr. Creamer joined the Bank's executive training program in 1939, was appointed an Assistant Treasurer in 1949, and an Assistant Vice-President in 1953. At present, Mr. Creamer heads the division which handles the Bank's business in Pennsylvania, Maryland, Delaware and Washington, D. C.

Mr. Mervin joined Manufacturers Trust Company in 1947. He was appointed an Assistant Secretary in 1953 and an Assistant Vice-President in 1955. At present, Mr. Merwin heads the division handling the Bank's business in Arizona, California, Nevada, Oregon and Washington.

Mr. Sargent joined Manufacturers Trust Company in 195. He was appointed an Assistant Treasurer of Manufacturers Trust Company in May, 1955 and an Assistant Vice-President in December of the same year.

At present, Mr. Sargent heads the division which handles the Bank's business in Michigan, Kentucky, Ohio, and in the city of Pittsburgh, Pa.

* * *

MANUFACTURERS TRUST CO., N. Y.

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	3,654,044,628	3,332,749,463
Deposits	3,257,855,823	2,936,899,512
Cash and due from banks	1,057,629,207	764,668,535
U. S. Govt. security holdgs.	865,585,430	872,826,033
Loans & discts.	1,268,386,427	1,208,444,438
Undiv. profits	71,113,502	68,007,458

* * *

Irving Trust Company, New York announces the promotion of Jere H. Cavanaugh and David K. Darcy from Assistant Vice-President to Vice-President.

Both men are in the Domestic Banking Division. Mr. Cavanaugh works with accounts in the Middle Atlantic and Middle Western States and Mr. Darcy handles business in the New England States, New Jersey and New York.

Ellsworth J. Burns, Richard W. Hastings, Robert E. Lee, Eugene J. McCabe, Benjamin D. Sisson and James M. Waters were promoted to Assistant Vice-President from Assistant Secretary.

Lindsay T. Andrews, Henry E. Christofferson, William H. Cowie, William H. Duker, Jr., Arthur E. Fuller, Donald E. Lee, Robert M. Raymond, Ernst Schneider and Traugott V. Sendler were named Assistant Secretaries.

* * *

IRVING TRUST COMPANY, NEW YORK

	Dec. 31, '58	Sept. 30, '58
	$	$
Total resources	1,991,230,223	1,841,890,351
Deposits	1,774,870,208	1,634,707,805
Cash and due from banks	516,649,115	411,080,919
U. S. Govt. security holdgs.	493,207,096	482,159,315
Loans & discts.	837,201,036	736,926,821
Undiv. profits	29,094,372	27,646,893

* * *

H. Roy Winter and Arthur P. Morgan have been elected Vice-

Continued on page 36

THE MARKET . . . AND YOU

By WALLACE STREETE

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 start off the new year, a session of two of good action showed up, it tended to peter out rather rapidly without any real follow-through.

Nervous Sections

Some cancellations and contract shifts kept the aircrafts 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 tires, 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 highs had to be laid to American Telephone which continued to work to the best postings seen in this issue since 1930. In fact, it was Telephone's spirited response to its first stock split in history and abandonment of the classic, 32-year-maintained $9 dividend that enabled the industrial average to plough through the overhead resistance late 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 set off a stock split fad that was a continuing support to the many hopefuls around, mostly those in the bracket above $100, such as International Paper, Eastman Kodak, Firestone, and even U. S. Steel which hasn't quite made the par 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 these issues from setting any records, notably du Pont which had approached the 250 line in 1955 and hasn't been within a dozen points of that area since. Similarly, Allied Chemical hasn't been within some 30 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 quickly 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 upturn was 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 4.7% for a company that was able to turn in thoroughly comforting profits for 1958 despite the 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 any market fireworks. Among them was American Brake Shoe, Seaboard Air Line in the rails, Eaton Mfg., Borg-Warner and American Steel Foundries. Rails generally were the high-return items including such quality items as Santa Fe with a return of around 5½% and Chesapeake & Ohio which, at recent levels, was a 6% item.

* * *

Steels, despite the pinpoint demand on some and the rather good general group movement recently, still would seem to offer some of the better basic values as well as a good participation in further upswing 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 "leverage" in the common stock, meaning that earnings fluctuate rapidly on an upswing in profits. As business slowed from 1956 to last year, the per-share profit skidded from more than $8 to an estimated $3.25 last year. Then operations showed a good rebound late last year.

Interesting Rail-Issues

In the rail section Western Maryland is something of a dividend unknown. But it is one of the few eastern carriers able to show good gains in earnings recently. It only joined the ranks of dividend payers late in 1957. Its final payment of 1958 lifted the 75-cent quarterly rate to 90 cents for a payout 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 $9 a share as probable for 1959! Hence, dividend largesse would seem logical. In any event, the indicated return at the new rate is a good 4¾% 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, C & O's dividend record stretches back without interruption some 36 years, although the payments were a bit erratic early in this decade when the line was pioneering in many new facets of railroading, some definitely disappointing. Lately its fortunes have improved greatly and its $4 payout (and yield of slightly over 6%) is the high for all-time as an annual rate. As with others in the rail business, earnings were off last year but the dividend is in no jeopardy and is well 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 jet service. It isn't all romance, however, since inauguration of jet service promises a sharp upturn 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 against the 60-times ratios that are indicated in other high-flying issues where the interest has been more intense.

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

A. F. Tisch Becomes Fitzgerald Partner

Alfred F. Tisch

Alfred F. Tisch has been admitted to partnership in Fitzgerald & Company, 40 Wall Street, New York City, it has been announced. Mr. Tisch, who has been with the Fitzgerald firm for 21 years, is a former President of the Security Traders Association of New York and is Chairman of the National Advertising Committee of the National Security Traders Association.

Goldman Sachs & Co. Admits New Partners

Goldman, Sachs & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, have announced that Arthur G. Altschul, John W. Callaghan, Charles L. Grannon, James D. Robertson L. Jay Tenenbaum and Harold S. Wass 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 & Stieglitz, H. Herman Consolidate

On Jan. 1 Halle & Stieglitz and Henry Herrman & Co. consolidated as Halle & Stieglitz. Offices of the New York Stock Exchange member firm are at 52 Wall St., New York City, and 48 Commerce Street, Newark, N. J.

General partners are Stanley J. Halle, William M. Cahn, Jr., George W. Nubel, Jr., William D. Prosnitz, Stannard B. Knothe, J. Hindon Hyde, and Robert A. Nube. 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.

Public Utility Securities

By OWEN ELY

California Water Service Company

The company supplies water at retail in 29 communities and adjacent areas in California, with a population of 840,000, including Bakersfield, Chico, East Los Angeles, Hermosa and Redondo Beaches, Petaluma, San Carlos, San Mateo, South San Francisco, Stockton and Visalia, and the Bear Gulch 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. Residential and commercial sales account for about 88% of revenues. While the company's wells and the Sacramento River are the main sources of supply, about 29% is purchased from the San Francisco Water Department, Pacific Gas & Electric, etc. In Los Angeles County the company has cooperated with others in forming municipal water districts.

As with other water companies, purchases and sales of properties may be made with municipalities. The Hanford Water System was sold in January, 1958 for $1,909,000 (the revenues from this property were less than 2% 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 1957 adjacent to properties already operating.

Of historical interest is the fact that the construction of water facilities was begun back in 1769 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—at any rate they are preserved because of historic interest.

The company has more than doubled in size in the postwar period, customers increasing from 105,000 in 1945 to 230,000 in 1957, and the utility plant has more than tripled to $74 million. Water output increased from 128 million gallons per day to 318 million, or nearly 150%.

Share earnings remained somewhat irregular during 1950-53, declining to $2.62 in 1954. From this level they gradually increased to $3.32 in 1957 (highest since 1929) and $3.26 in the 12 months ended Nov. 30, 1958. While the latter figure compared with $3.38 in the previous period, it represented a gain of 14 cents over the amount reported for the 12 months ended September. The company early in 1958 had granted a 5½% 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 $140,000 additional net income (25 cents a share) became effective in November, reflecting decision on two of these applications. If granted, the remaining amounts would yield about 11 cents additional. The company in 1957 earned 5.5% on invested capital and 5.1% on net property—the rate of return having increased gradually from about 4.2% in 1950. A return of 6½% was sought in the rate cases.

The dividend rate was raised from the earlier $2 rate to $2.20 in 1954 and is currently $2.40. Dividends were partially nontaxable during 1954-6 though not in 1957; it is possible that a small part of the 1958 dividend may again have been exempt. The company has been using accelerated depreciation which is a factor.

Construction expenditures for 1957 were close to $5 million, a reduction of 27% from the previous year although the number of customers gained 2%. With proceeds of the Hanford sale supplementing cash from operations, no financing was required in 1957, except for the sale of 12,000 shares of 5.5% convertible preferred stock.

Capitalization is approximately as follows:

	Millions	Percent
Long-Term Debt	$32.0	53%
Preferred Stock	8.1	13
Common Stock	20.7	34
Total	$60.8	100%

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 had been recently quoted in the over-the-counter market around 48, 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.

New York 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., issued 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 round-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 $65,500,000,000 of new business was written, the largest annual volume we have ever placed on our books except for 1957. Indeed, our new ordinary business, which still is the backbone of life insurance in the United States, rose to an all-time record of $47,500,000,000-$1,900,000,000 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.

Clarence J. Myers

Insurance in force increased by $35,000,000,000 during the year to $493,000,000,000. This was the 25th consecutive year that insurance in force has risen.

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 cyclical in character than life insurance will report sharp increases in sales in 1959. We in life insurance may not match the records of these industries, but we do expect to write more ordinary volume than we did in 1958 and we are hopeful that our group business will approach the peak year 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 some further increase due primarily to the growing Highway program.

Henry C. Turner, Jr.

Mass housing may not show any further increase because a limited money supply and less attractive financing terms will probably act as restraining factors. I do not anticipate any important uptrend in commercial construction.

The volume of industrial contract awards is an important indicator of the expansion plans of industry. Such awards have been at a low level for the past two years but with the general improvement of 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. Summary — 1959 should be a good year but not a boom year.

CONSUMER PRODUCTS:

William H. Burkhart, President, Lever Brothers Company, and Vice-President of 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. Despite declines in consumer durables and many soft goods lines, sales of household, food and drug products showed consistent gains.

William H. Burkhart

This favorable trend is expected to continue in the foreseeable future because of the introduction of new and improved products 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 favorable.

DRUGS:

James Hill, Jr., Chairman of Board, Sterling Drug Inc., and Association Director.

Almost without exception yearly sales of the drug industry have exceeded previous conceptions of demand potential. The year now ending shows a new high for all segments of the drug industry, and 1959 should continue the trend of the industry's growth which has resulted in record sales over the past several years. The 1958 recession, while severely affecting capital goods, did not interrupt demand for medicinal preparations. As we go into 1959, there are no apparent signs which indicate a halt in the industry's upward trend. On the other hand, the percentage of increase may not match that shown for 1957 and 1958.

James Hill, Jr.

Long term outlook is also good. With purchasing power high, the American people turn more and more to products related to health. The drug industry is also a particular beneficiary of the increase in population and of medical progress which has seen the development of many new products that aid in protecting health and preserving life.

PUBLIC UTILITIES:

Harland C. Forbes, Chairman of Board, Consolidated Edison Co. of New York, Inc., and Association Director.

The long-term trend of progressively larger electric utility sales than in corresponding periods of the preceding year was resumed in the latter part of 1958, and this favorable trend will continue through 1959. Such sales in 1959 should exceed 1958 sales by not less than 6%. Gas sales will continue to increase as a result of the continuing trend toward use of gas for space heating.

Harland C. Forbes

This increase in business will necessitate expenditures for construction somewhat in excess of 1958 expenditures. Construction costs and the overall cost of providing utility service will be higher in 1959, and moderate rates increases will be required by a large segment of the industry to cover the increased costs.

CHEMICALS:

John A. Hill, President, Air Reduction Company, Inc., and Association Director.

Business has already moved far enough up the slope of recovery to give promise of resuming the growth which was interrupted in the middle of 1957. A halt to the decline in business spending, an increase in government spending and the expected return of the consumer to the durable goods market all seem to indicate rather clearly that we may see new production and sales records in many industries by the middle of 1959.

John A. Hill

Consumer income is high and is rising, and the consumer's attitude reflects a more optimistic outlook than that of a year ago.

Good metal-working activity may be expected with improved levels of demand in the automobile and consumer durable goods industries.

The chemical industry should benefit not only from the return to higher levels of general business activity, but also from the new products and new applications coming out of its research laboratories.

All in all, 1959 should be a good year and the likelihood is strong that we shall see new highs in most lines of business endeavor, although the possibility of a protracted steel strike during the summer may slow the even pace of this recovery.

FOREIGN TRADE:

Gerald Le Vino, President, Guiterman Company, Inc., and Association Director.

In spite of lower commodity prices with a corresponding reduction in dollar availabilities in some markets and higher prices for manufactured export products, I believe that 1959 can be a satisfactory year for many foreign traders. However, as has been increasingly true during the past three years, our exports will be more selective and require more hard selling in the face of stiffening competition. Even in those markets where there is a preference for established U. S. brands, continued sales promotion must be maintained.

Gerald Le Vino

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

COPPER:

Robert G. Page, President, Phelps Dodge Corporation, and Association Director.

During the first half of 1958, copper consumption in the United States continued to reflect decreased consumer demand. Refined copper stocks increased, reaching the highest point in April. To bring production more into line with consumption, domestic producers drastically curtailed their output. By June some producers were operating at 60% capacity.

Robert G. Page

In the second half of the year, improvement in activity in the durable goods industries brought about a rise in demand. This, coupled with strikes at copper properties in Rhodesia and Canada, effectively reduced world copper stocks. The two-year decline in copper prices was reversed. In the fourth quarter of the year domestic producers increased their production rate substantially.

For 1959 the prospect appears favorable. The additional productive capacity which has come into being is ample to take care of anticipated world demand, and it is hoped that unhealthy conditions of shortage in supply, or of excess in supply, with violent swings in price, can be avoided.

REAL ESTATE:

Norman Tishman, President, Tishman Realty and Construction Company, Inc., and Association Director.

American business is expansion-minded by nature, a characteristic which is reflected in every field. There is every indication that real estate will follow the line of the business upturn and that the current rising demand for office space will continue into 1959.

Norman Tishman

A growing number of corporations, which a year ago deferred making commitments for [illegible] office space, have replaced their "wait and see" attitude with a renewed confidence in the economic strength of the nation and in their own future. As a result, the demand for new office space, temporarily latent during the recent recession, is beginning to reassert itself. Businessmen have once again become extremely conscious of the need to plan for future expansion and are actively in the market for new office facilities.

With real estate values going up, organizations acquiring new or additional facilities at the earliest possible time are protecting themselves against an inflationary trend which may become even more pronounced later on.

CONSTRUCTION:

George Cline Smith, Vice-President and Economist, F. W. Dodge Corporation.

There seems to be little doubt that 1959 is going to be a far better year for business in general than 1958, although some problems will persist. One important reason for the favorable business outlook is the strength shown by the nation's largest fabricating industry, construction. The building business wound up its best year in 1958, despite the recession, and all indications are that 1959 will set new records.

Dr. George C. Smith

Construction contracts in 1958, as reported by F. W. Dodge Corporation, were at an all-time high, with exceptional strength shown toward the end of the year. Since the contracts come in advance of actual construction activity, this fact alone virtually insures that 1959 spending on construction materials, labor and services will be higher than ever before.

We estimate that new contract awards in 1959 will continue to rise, with the total around 3% above 1958. The principal stimulus will come from commercial and industrial buildings, community buildings (including schools and hospitals), public utilities and highways. Housing activity is still a big question mark, with the dampening effects of tight money perhaps offset by future government action; our estimate as of now is that starts in 1959 will be about the same as in 1958.

Prospects are that 1959 will be the 15th consecutive year of increase and the 12th consecutive record year in construction contracts.

PETROLEUM:

William Naden, President, Esso Standard Oil Company.

After a depressed year in 1958, both for earnings and growth of demand, the outlook is considerably brighter for the U. S. oil industry in 1959.

Compared to 1958, nation-wide industry demand for petroleum products will probably increase by 5%, which would approach the average growth of 5.4% since World War II. In contrast, the 1958 gain over 1957 was 2%. The nation's refiners operated at only 80% of total capacity.

The outlook for the year ahead reflects a continuing recovery from the low mark of the 1958 recession. As demand increases, refining operations will move to a higher and more profitable level. This should mean a fair recovery from the depressed earnings reported by nearly all oil companies throughout 1958.

But full recovery from depressed earnings and prices — and normal utilization of refining capacity — probably will not be achieved until after 1959.

LATIN-AMERICAN TRADE:

J. Peter Grace, President of W. R. Grace & Co.

I feel confident that the present business recovery in the domestic economy will continue during 1959 at a substantial rate. Some sectors of our economy may move ahead sooner than others but I feel that in general we are now on the way toward resuming our long-range growth pattern.

J. Peter Grace

However, I am still concerned over prospects for economic recovery by the Latin American countries. These nations, which constitute the most important foreign area for American private investments and trade, are still struggling to recuperate from one of their sharpest economic setbacks in recent times. Our trade, which generally had been increasing annually during the postwar period, fell off markedly last year. I anticipate that trade in general with Latin America will increase in 1959 but may reach only the 1957 level.

A much more serious problem, however, is the depreciation of local currencies in Latin America, which has been one of the most severe in recent history. As an example, during the 11 months' period of 1958 the currency of Colombia depreciated in relation to the dollar by 33%, Peru 36%, Bolivia 38%, Chile 43%, Brazil 58% and Argentina 103%.

The basic problems underlying this extremely serious development are as yet unresolved. This has been a serious blow to the economies of these countries and to American manufacturing investments in Latin America. It should take top priority for action by the U. S. Government and business in 1959.

RAILROADS:

A. E. Perlman, President, New York Central Railroad.

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 forsee a sudden improvement in the economy, but rather a gradual climb.

Alfred Perlman

The railroads should benefit from leveling out, in the last session of Congress, of some of the inequities under which they have been suffering. It is hoped that they may be further strengthened next year by additional legislative steps toward a modern, national transportation policy, based on the broad study, ordered by the Senate, into the health of the transport industry and its relation to United States economy and defense.

RAILROADS:

James L. Cranwell, Vice-President-New York, The Pennsylvania Railroad Company.

Some improvement in freight volume is anticipated in 1959. However, for roads like the Pennsylvania which render a large share of the industry's money-losing passenger and commuter services, and compete most directly with publicly supported air, waterway and highway transport, the best than can be expected is that an unsatisfactory return will be earned on investment unless equality of treatment is granted by the various local, state and Federal bodies.

James L. Cranwell

The Pennsylvania, like all other railroads, has two major assignments for 1959. One is the immediate task of maintaining quality of service and earning what return it can in the present situation. The other is to continue to work toward the removal of inequities for the public's benefit and its own corporate health. Any less frank concept of the outlook would be unrealistic.

Blechschmidt, Partner In Stein Roe, Farnham

CHICAGO, Ill. — Edward A. Blechschmidt has been admitted to partnership in Stein Roe & Farnham, 135 South La Salle Street investment counselors with offices in Chicago and New York. Mr. Blechschmidt has been with the firm since May of 1935 and was previously associated for eight years with A. G. Becker & Co. He is a member of the National Security Traders Association.

E. A. Blechschmidt

Hill, Darlington Branch

LATHAM, N. Y.—Hill, Darlington & Co. has opened a branch office in the Swatling Building under the direction of John H. Finch.

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 inevitableness of more inflation and the inability of Government, Congress and business to prevent its continuance. Concludes, one, trust or investment funds should invest largely in equities and, two, blue chip companies undergoing a profit-squeeze become a poor hedge. Strongly advises investments in "special situations" to offset inflation and profit-squeeze.

Who is smart enough to predict the short turns of the stock market? I can predict positively and without equivocation that: there will be more inflation ten years from now than there is today and also more twenty years from now than today; it is impossible to elect and retain an Administration that will not take inflationary steps; and if the Administration refused to take inflationary steps, Congress would enact laws including inflationary provisions. I, therefore, am willing to predict positively and without any hedging 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.

Clinton Davidson

I am certain you also know that increased inflation does not mean that the price of all stocks will increase equally. Proper selection of stocks will be just as important, if not more so, even though inflation increases materially. In addition to the inflationary steps taken by the government and by Congress, we are also witnessing a wage-price spiral. For example, the steel worker's strike, wages are increased and then the steel companies increase their prices so that they will not operate at a loss. Because of the concentrated 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 encouraged by the Roosevelt Administration and nothing has been done since then by the two other Administrations to stop it. Congress has not taken and will not take steps to stop it. Can you expect big business to stop it?

I think I can answer that. During the last war, one man, the president of a labor union, defied President Truman by issuing an order which resulted in stopping a large amount of needed war production. Someone wrote that this action was possible only because the labor unions had been exempted from the monopoly provisions of the Anti-Trust Act, while business corporations were subject to those provisions. He stated further that if the labor unions had been subject to the anti-monopoly provisions, this could not have happened.

A friend of mine clipped this item and sent it to the Number 2 man at the head of a large manufacturing company whose annual sales at that time was approximately $4 billion. This executive devoted a large amount of his time to labor relations. My friend had a discussion with him and pointed out that the farm organizations had always fought monopolies and that in his opinion, they were opposed to manufacturing monopolies, labor monopolies and all monopolies. He said that he had talked to a man in Washington who had worked with practically all of the farm organizations for many years on their legislative problems and this man said that with sufficient funds available for printed educational material, and with the support of the farm organizations, he believed that the Anti-Trust laws could be amended so as to make the labor organizations subject to their anti-monopoly provisions.

The manufacturer invited his legal expert, his public relations officer, the Washington farm man and my friend to meet with him. He opened the conference by explaining the great dangers confronting the country due to these monopolies and said that he was interested in working with the Washington man towards securing proper legislation. The public relations officer of his company immediately spoke up and said, "Mr. B . . . neither you nor our company can have any part in this. You can't make suggestions; you can't contribute money; you can't sponsor anything and neither can the company. We sell a substantial portion of our product to members of labor unions and neither you nor the company can have any part in endeavoring to secure legislation that labor unions could consider as being against their best interests." That ended the conference.

I am absolutely convinced that neither the Government, the Congress nor business will take the steps that are necessary to stop the wage-price spiral which is causing prices to reach such absurd figures.

Was it Mark Twain who said, "Many a woman thinks she has bought a dress for a ridiculous price, when in reality she bought it for an absurd figure"?

Favors Equity-Hedging

All of you, I believe, will agree that the **usual** form of inflation makes it imperative for any trust or investment fund, which is set up to protect the beneficiaries over the next ten years or more, to invest largely in equities. Woe be the investment unit that depends upon bonds and mortgages alone!

The **wage-price spiral** brings another and possibly even more serious danger into the picture. That is, the danger of pricing ourselves completely out of the world markets. Our Government in donating billions to foreign countries every year, which enables them to equip their plants with the latest, most efficient lowest productive cost equipment. By using such equipment together with their much lower labor costs, many of our industries will not be able to meet their competition. I understand that as of today, a larger portion of Russian steel plants uses the very latest low-cost equipment, than steel plants in the United States.

What Blue Chips to Avoid

If, therefore, the larger companies whose stocks are the blue chips on the New York Stock Exchange, are priced out of the world markets, what can the investor purchase so as to maintain his present purchasing power over the next ten years? Dr. David McCord Wright of McGill University says, "Whether stocks are a good hedge against inflation depends upon the profit-squeeze phenomenon. Stocks are a good hedge if the increase in the amount of money taken as profit is as great, or nearly as great as is the decline in the value of money. Stocks become a poor hedge when there is an institutional setup in which wages and other costs keep rising at a faster rate than prices. For then real profits do not keep pace with inflation."

Advises "Special Situations"

The inescapable conclusion, in my opinion, is that because the price increase of successful "special situations" is so much greater and will probably continue to be so much greater than that of blue chip stocks, it is necessary for the investor to share in successful special situations and secure the large price increases from them to offset the dangers that have just been discussed. Economist, Murray Shields, recently stated that in his opinion, it was advisable for virtually every investor to place part of his funds in special situations which are strategically placed, to profit from the technological growth and innovations of the future.

I witnessed the disastrous inflation in Germany and the not quite so disastrous inflation in France. I do not expect the same degree of inflation in the United States but, as a result of my experience, I am as certain as one can be that we will have considerably more inflation and unless you can tell me how the wage-price spiral will be stopped, I do not see how one can retain his present purchasing power by simply investing in bluechip stocks.

*From a talk by Mr. Davidson before the Bankers Club in Cincinnati, Cincinnati, Ohio.

Mazur Named Tobe Award Winner for 1958

Lehman Brothers' senior partner, economist, and author, honored with the "Oscar of Retailing." His long contribution to America's expanding contribution cited.

Paul M. Mazur, senior partner of Lehman Brothers, investment bankers, and an outstanding authority in the fields of economics, retailing, and agriculture, has been chosen 1958 winner of the Tobe Award it was announced Jan. 4.

Paul Mazur

The Award's Board of Trustees said that Mr. Mazur was named to receive the honor—known as the "Oscar of Retailing" — because of his "over 40 years contribution to every phase of America's constantly expanding system of distribution."

Mrs. Tobe Coller Davis, leading merchandising and fashion consultant, known professionally as "Tobe," added that the award would be presented at the annual "Boss's Dinner" for leaders in merchandising, government, communications, and other fields at the Hotel St. Regis, New York City on Wednesday, Jan. 14.

Mr. Mazur for many years served as a Director of and is now Fiscal Counsel of Allied Stores Corp. He is also a member of the Board, and Financial Consultant to Federated Department Stores. He has also served as a Director of Radio Corporation of America and the National Broadcasting Company, of the Western Union Telegraph Company and Postal Telegraph Co. of the One William Street Fund, the William Street Sales, and Lehman Corporation. Additionally, his directorships have included the Studebaker Corporation, R K O, Fruehauf Trailers, Collins & Aikman Corporation, and the Educational Testing Service.

Reasons for Selection

The trustees noted that Mr. Mazur was a "unique combination of retailing - distribution authority, banker - economist, and business-man-farmer, who began his career at Filene's Department Store in Boston soon after graduation from Harvard in 1914 and who, in the years since, had made an unusual record in a widely varied group of activities.

"His five books range from Principles of Organization Applied to Modern Retailing, published in 1927—and long regarded as a classic in its field—to The Standards We Raise—the Dynamics of Consumption" — which propounded the then revolutionary thesis that increasing consumption rather than production was the key to the growth of the U. S. and international economy.

Stresser of Consumption

"He was a creator and evangelist from the point of view that purchases, and not purchasing power, and consumption, not production, was the factor most likely to affect our economy future. Additionally, he held that only as a consuming nation could we remain a producing one—and that we were compelled by the dynamic character of economic relationships to continue to do so at an ever-increasing rate. Moreover, he has stressed that our society can keep itself stable only by not stabilizing its standard of living—that we must paradoxically spend in order to be in an economic position that that would enable us to be truly thrifty.

"Mr. Mazur has held that it is the standard of living that sparks production, creates continuity of employment, and converts purchasing power with actual purchases, and is the fulcrum on which rests our delicate economic balance. Moreover, he has successfully argued that every act directly or indirectly economic in nature should be judged by its effect on living standards be it in the laws and policies of government, or the activities and decisions of labor, management, and shareholders."

"He has worked closely with the New Jersey Agricultural Experiment Station at Rutgers University in developing concepts of techniques of a radically different system of farming and livestock feeding—based on the ability of animals to perform their own labor to feed themselves. Essential to this system were his inventions of a unique hay barn, silo and feeding gates, all successfully demonstrated at his Fiddler's Creek Farm."

Calls for Change

The Trustees also noted that Mr. Mazur had been a prime believer in the fact that younger men and women should "have a respectful disrespect for the status quo, and those responsible for it, believing that change was of the essence of all the sociological factors in a society and that changes for the better could only come through the creative development of men on their way to responsible positions."

The emergence of the "yes" or organization man, he has held, the security seeking man afraid or unable to express a definitive point-of-view, spelled the doom of the American free enterprising system, be it in science, religion, industry, or education.

Established in 1943, Tobe Award selections are made by the Board of Trustees which includes 14 previous winners. Among them are Bernard F. Gimbel, Chairman of the Board of Gimbel Brothers, Inc.; B. Earl Puckett, Board Chairman, Allied Stores Corp.; Fred Lazarus, Jr., Chairman of the Board, Federated Department Stores, Inc.; General Robert E. Wood, former Board Chairman, Sears, Roebuck & Co.; Walter Rothschild, Chairman of the Board, Abraham & Straus, Brooklyn; Hughston McBain, Board Chairman, Marshall-Field & Co.; J. S. Penney, Honorary Chairman, J. C. Penney, Inc.; Donald K. David, former Dean, Graduate School of Business Administration, Harvard University.

Continued from first page

As We See It

as certainly collectible throughout the years as is the case with the social security system, there would be greater reason for making some such assumption—although even then we should want to qualify it materially.

But this is not a private system. Far from it, and the difference is vast and vital. The "fund," or reserve as it might be termed, is wholly a bookkeeping affair whose assets consist solely of obligations of the same entity—the Federal Government—which has obligated itself to pay the pensions in the future, and moneys which built up the "fund" are nowhere productively at work, but have been employed for any and all of the ordinary expenditures of the Federal Government. What these technical phrases of the Council mean when translated into ordinary English is that the people of this country through their national government have pledged to pay to certain elements in the population (chiefly those who have attained the age of 65 years and have retired) sums which over the years will amount approximately to the higher rates of taxes (or contributions) now scheduled plus interest on a growing "fund" which by 1963 is expected to reach about $25 billion. The actuarial "soundness" of the system consists solely in the fact that the people have not committed themselves to pay more than that.

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 bandied 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 either figure is so large that it is about as difficult to visualize as the distance from the earth to some of the more distant heavenly 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—what the annual toll will be, say, 25 years hence. 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 year approximate $10 billion or the equivalent of some $333 billion of perpetual debt at 3%. The gross debt of the Federal Government, as usually compiled and published, was $283 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 none of the obligations 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.

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 years, and retired—as so many are now virtually 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 rank 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 but the goods and services 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 dishonored, 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 studied contempt for time-tested principles of democratic government.

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, 1958:

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. Reimer was elected to membership in the Pacific Coast Stock Exchange through the San Francisco Division. Mr. Reimer 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 Witter & Co., was elected to membership through the San Francisco Division through intra 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.

Paul O. Frederick With Fahnestock & Co.

Paul O. Frederick has become associated with Fahnestock & Co.,

Paul O. Frederick

65 Broadway, New York City, members of the New York Stock Exchange, as manager of the New York Municipal Bond Department. Mr. Frederick was formerly a partner in Baxter & Company.

Sole Proprietor

CLEVELAND, Ohio — Charles M. Baxter, Jr. is now sole proprietor of Baxter & Company, Union Commerce Building.

LETTER TO THE EDITOR:

Reader Spitz Differs With Fellow New Englander

Writing from Biddeford, Maine, Mr. Spitz takes decided exception to Brewster, Mass., correspondent's views on Keynes (*Chronicle*, Dec. 11, 1958, pp. 18-19). The latter, Frank Cist, is told "that hard monetary content is going to discipline the Keynesian soft monetary concepts and theories to maintain the capitalistic system, or the edict of government . . . will take form 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 monetary concepts, ala Keynes and against hard monetary gold content, is the old Keynes implication that Keynes is perfection and capitalistic hard monetary content is disaster and imperfection. If the Keynesians would turn off their old juke box playing that old, broken record, perfectionism, and say that their own approaches are faulty, it would be nearer to statement of fact, rather than putting everyone to the trouble of pointing out that their theoretical premise is wrong in the first place, and so the answers the Keynesians come up with are also wrong and faulty.

Richard Spitz

No one ever claimed the capitalistic system of hard monetary content is perfectionism, but it self-disciplined not only the men who abused the system against the public interest and for their own self-interest and gain, but self-disciplined the social, economic and political thinking of the populace for letting things get out of hand. The debacle of 1929 would not have extended over the years until World War II, if hard monetary content had been continued in the currencies of the United States, instead of adopting the soft monetary concepts of Keynes who foisted it upon Great Britain, with attendant socialism with which that country is impregnated to this very day! The real failure of Keynes monetary concepts was failing to accept the self-discipline of gold monetary hard money content, but running out on the economic discipline that was coming to us for the abuse of the capitalistic system, and substituting the subterfuge that the elixir of soft money could cure everything — depressions in time of stress, and undisciplined prosperity in time of inflation and war-time production, with attendant peace time shortages of goods.

Makes a Prediction

When Mr. Cist says that gold is no longer the self-disciplining agency of the capitalistic system, I shall predict that hard monetary content is going to discipline the Keynesian soft monetary concepts and theories to maintain the capitalistic system, or the edict of government and social democracy, or worse, will take form as it did in Germany, Italy and other countries, as in Great Britain and we shall all stand in queue lines and beg politically for our various security sufficiencies.

It takes sound money, sound constitutional government and sound men to evolutionize capitalism to the real needs of men. What a far cry from Keynes, who in the claim of perfectionism, dogoodism and claim of security for peoples, can plan spending so it monetizes the national debt to a point where not one single Keynesian advocate can PLAN TO PAY BACK the moneys it has stolen from the national treasury under Keynesian planning, that even provides for the Hottentots, but cannot find a plan to pay a single, solitary dollar back into the national treasury to even fiscally amortize the national debt. Keynes said, "We owe it to ourselves" and why worry about repayment, "for we all die sometime" and the hindmost, our posterity, can worry from there out! what irresponsible planning—that what irresponsible planning,—that is no planning at all—but repudiation of the national debt or irredeemability. In the latter case, 8 billions of dollars of service charges each year on that debt would ultimately amount to more than the existing national debt itself, and then not reduced one penny over the years. And the only answer of the Keynes advocates, is the undisciplined one, "So What?" Yet, inflation takes it's toll and the proverbial dog chases his tail to keep up with mounting costs and prices—everything going skyward and nothing coming down — so where is the discipline of planning when it does not even exist in the broken down record of Keynesian fact and theory?

Keynesian Misnomer

And then the matter of free markets and free and coordinating of the value of goods and services that are diverse were under the constant self-discipline of gold evaluation in a true condition of free enterprise and capitalism. Yet, the Keynesian theorists mouth the words "free enterprise" by bringing in play the edict of government, with parities, subsidies, military and governmental orders to try to stabilize the soft monetary value of diverse goods and services. So, to prove a Keynesian theory they do violence to free enterprise concepts by impregnating with socialism, and then get the happy idea to call it social-democracy that is about as different in concept of our republican form of government as calling the baseball player in right field a left fielder. Neither are just there!

And neither is Keynes monetary soft money concepts able to give the self-discipline of planning or anything else, when it constantly calls for more and more inflation, first to solve an inflationary spiral and then to solve a deflationary one. The adjustment with hard money to the ups and downs of economic well being oft times became difficult with the degree of abuse involved but it afforded remedies consistent with the economic problem involved. The potion of Keynes correctives is always the same poison governmental spending and stimulus and non-payment of deficit financing at any time!

Now, we are told that Keynes is in our economic life blood so we cannot remove it to a place where I should think it should go, and it must be tolerated to save the capitalistic and free enterprise system (or what is left of it). So this is the discipline and organized result of a planned economy! More planned unplanned correctives!

General Patton once said that "An expert is one never in doubt, but often in error", and that seems to sum up the Keynesian economic thinking in a few forceful words.

But the doubt persists and the doubts become redoubled as voiced by sound men of business, finance and politics, and the responsiveness to soft money is more and more inflation, and how one may protect himself from soft monetary Keynes concepts with solid goods, real estate and commodities and equity investments (that are no inflationary hedge at all, especially where prior senior securities exist) that are supposed to provide immunity from the flight from the dollar.

When, in fact, the Keynes soft money is ultimately to be evaluated in terms of gold content, or evaluated by edict as Hitler and Mussolini thought could be done, and the dictated and the dictators both failed, for the self discipline of monetary gold did the job for them, and with it the prelude was the lack of sound monetary standards, the prostitution of constitutional government and the lack of sound men, to stand up to the problems of their times!

Offers Congratulations

Mr. Cist is to be congratulated upon ability to present the Keynesian point of view, but it cannot overcome the fault of Keynes monetary views by berating the lack of self-discipline of hard gold monetary content, for it still exists and Keynesians will find their planned unplanned "perfectionism" is not only imperfect, but non-correcting for it is really the most undisciplined system of all!

And the discipline agency will be hard gold, monetary content, which is really what Keynes tried to get away from in the first place and write his "own ticket", and his irresponsible economic formulas that are evasions and not meeting the responsibilities, that is also a duty, and reciprocal, in a capitalistic economy, will continue to be disproved as the worst unplanned planning that should not have received any credence in the first place.

RICHARD SPITZ

Fortune's Rocks
Biddeford, Maine
Dec. 16, 1958.

30-Millionth Customer For Beneficial Finance

A Lancaster, Pa. letter carrier, Robert McLain, has become the 30-millionth customer to borrow at one of the more than 1,100 offices of the Beneficial Finance Co.

Dropping into the Lancaster office of the Benefical Finance System to arrange for a loan of $600 for medical and home improvement expenses, Mr. McLain was pleasantly surprised when he learned that he was the 30-millionth borrower of Benefical and in observance of the significant milestone, the company had granted a fully-paid loan at no expense to him.

O. W. Caspersen, Chairman of Beneficial, disclosed that the McLain family is only one of the more than 1,600,000 families that will borrow more than $700,000,000 this year at Beneficial's 1,140 offices. Since 1929, he added, Beneficial has supplied borrowers with a total of $7.7 billion in personal cash loans. The company's assets now total over $500 million and it has some 26,000 stockholders and more than 6,000 employees.

Since its inception, the Beneficial Finance system has pioneered several unique forms of financing for individuals through which these persons were able to meet emergencies, provide funds for air travel and purchase various items, all on the instalment plan.

LETTER TO THE EDITOR:

Pro-Hazlitt and Anti-Keynes

Percy L. Greaves, Jr. offers detailed rebuttal to the Frank Cist's communication to the "Chronicle" which took issue with Henry Hazlitt's previously published critique of Keynesian "Myths". Mr. Greaves endorses Mr. Hazlitt's position on Say's law concerning production and values, holding the more you have to give the more you can receive. Submits clarification of issues concerned with gold, money, prices, credit, tariffs, profits. Calls Keynes' expressions "jabberwocky" whose confusions have made it almost impossible for anyone to learn economics at our so-called institutions of "higher learning."

Editor, Commercial and Financial Chronicle:

Unfortunately, the courageous Frank Cist is not as right as he thinks in his interesting criticism of Henry Hazlitt that appeared in the Dec. 11th issue of the *Chronicle*. It would take more space than is available to diagnose fully all the "fundamental errors" which have crept into his comments. However, since many are widely held, it may be profitable to discuss some of the questions he raises.

(1) Whatever "conventional gold-standard thinking" may be, it certainly is not found in the writings of Henry Hazlitt. His understanding of money is unquestionably superior to that of those who seek a return to the money system which produced the 1929 debacle.

(2) General overproduction, if it means anything, means there is more of everything than everyone wants with the result that nothing can be sold. Does Mr. Cist seriously contend that this has happened in the past or is even conceivable?

(3) M. Say did not say that "if he sold twice as much he could buy twice as much." His law states, "A product is no sooner created than it, from that instant, affords a market for other products to the full extent of its own value. . . . The creation of one product immediately opens a vent for other products. . . . The greater the crop, the larger are the purchases of the growers." (Note 1.)

Although Say left it for Menger, Jevons and Walras to reveal the essence of the modern theory of "subjective value," his ideas on "value" were certainly advanced for his time. Say did say, "Valuation is vague and arbitrary. . . . In this science [economics] relative value is the only guide." (Note 2.)

M. Say did not assume, as Mr. Cist would have us believe, that with an increase in the production of any product the exchange ratios, i.e., prices, would necessarily remain constant. Say assumed that any increase in the production of any good resulted in an increase in the total values produced and a reduction in the unit price. At one point he wrote, "A striking example has been afforded by the invention of the art of printing. By this expeditious method of multiplying the copies of a literary work, each copy costs but a 20th part of what was before paid for manuscript. . . . So that, where there was formerly one copy only of the value of $12 of present money, there are now 100 copies, the aggregate value of which is $60, though that of each single copy be reduced to 1/20. Thus the reduction of price, consequent upon a real variation, does not occasion even a nominal diminution of wealth." (Note 3.)

M. Say knew economic values were neither "normal" nor "stable," but were relative and fluctuating and that the more you have to give the more you can receive. His reasoning has never been logically controverted. It can thus be assumed that economists have known the truth of Say's law ever since he spelled it out.

(3) The subject matter is not necessarily technical. It is actually simple. The artificial introduction of technicalities is merely a confusion that tends to hide simple truths.

"Circular Reasoning" by the Anti-Economists

(4) M. Say did not and could not make "all economic reasoning circular." It is the anti-economists whose reasoning is circular; those who think in terms of stable or constant values and relationships. Such men tend to think that economic reasoning and human values can be expressed in mathematical formulas and equations. This leads to the fallacious ideas about "stable" prices and that the doubling of the production of anything will or should, without inflation, double its market value, and thus the purchasing power of the seller. This error frequently flows from the quite common desire for a monetary unit with a "stable value." Such a desire is, of course, incapable of fulfillment since all human values are constantly subject to fluctuation.

(5) What Mr. Cist's ideas about "conventional gold-standard doctrine" tell him about prices, wages and gold-mining costs is not important. What counts is that economics tells us that men produce those things for which they think customers will pay the highest sums over and above production costs. Under certain conditions, this includes certain quantities of gold. Under other conditions, it does not. As M. Say told us, "It is products you want, and not money. . . . Money is but the agent of the transfer of values." (Note 4.)

(6) Contrary to Mr. Cist's thoughts, economics does have a "norm" for "too high" prices and "deficient" gold mining. The norm for a "too high" price is that price immediately above the highest price at which the seller can sell the quantity he wants to sell. For a buyer, "too high" prices are those above the amount he will pay. The norm for "deficient" gold mining is that point at which it becomes profitable to mine more gold. It is really that simple.

(7) Let's remember that the science of economics does not defend "Central Banking" much less Central Banking policies such as those which initiate what is frequently referred to as the trade cycle. Economics teaches that market competition and economic calculation are the most efficient guides for obtaining the most desired results. This applies to banking, lending and investment just as much as it does to selling shoes or bread.

Economists will agree with Mr. Cist's authority, The Hon. R. H. Brand, that most bankers "do not always understand what they are doing." To assume otherwise would be to charge them with evil intent. In this respect we should remember that bankers are

NOTE 1. Say, Jean-Baptiste *A Treatise on Political Economy*. Translated from the Fourth Edition of the French by Prinsep, C. R. Philadelphia, 1863. Pp. 134-5.

NOTE 2. Op. cit. P. 285.

NOTE 3. Op. cit. P. 302.

NOTE 4. Op. cit. P. 133.

no longer free agents. They must act in conformity with statute law, and the dictates of competition as set by statute law, and not as they would under conditions of free market competition.

(8) Contrary to Mr. Cist's assertion, what is worthwhile is wholly a subjective question as are all other valuations of acting men.

(9) As long as a man's efforts can contribute to the satisfaction of the wants of another, he can always find a job unless geographical or institutional factors prevent his acceptance of such a job. The modern phenomenon of mass unemployment is merely the economic price we must pay for the political privileges granted to labor unions whereby they can shut men out of certain jobs they control.

(10) The so-called norm for each man's production is that point where he prefers leisure or some other occupation to the expected rewards from longer labor. It is not necessarily the same point for every man, nor are men's productive abilities usually equal. So there is not necessarily any "normal level of general production," whatever that may be. Since the desires of men are constantly changing, there can be no norm for human desires or values. Men are not "general," they are specific individuals, each one different from all others. Thanks be to God! To assume all men have the same abilities or values is about the greatest economic error that can be committed. It is one of the weak points in many so-called "general" or "macro" approaches to economics, which is a science of human action and requires the "micro" approach for a proper understanding.

Cause and Curb on Depression

(11) Prices cannot all fall unless there is (1) a decreased efficiency in the use of money, (2) an increased demand for cash holdings, (3) a decrease in the supply of commodity money because of increased demand for that commodity for its other uses, or (4) a decrease in the supply of money substitutes made possible solely by the prior existence of legal money substitutes in excess of commodity money reserves. The great depressions of modern times have primarily taken the form (4). To put an end to such depressions, all we need do is repeal those laws which now instigate, encourage or support additions to the supply of legal tender money substitutes in excess of additions to commodity money reserves, i.e., the official encouragement of credit expansion beyond amounts saved.

(12) When people increase their demands for cash holdings, or hoard, as Mr. Cist calls it, they merely prefer more money to more goods. Contrary to Mr. Cist's contention, such "hoarding" will *not* "leave production with no adequate outlet and thus face us with 'overproduction.'" Under such conditions, producers who desire to sell their goods must then offer them at lower prices. Under this assumption, wages and the prices of raw materials in a free market will also drop. Sellers can then replace the quantities of goods sold at a lower cost and regain their former position without suffering any real loss. They may hold fewer units of money but since the purchasing power of each unit will be higher, their loss will be purely nominal. Whether the individual seller makes a real profit or suffers a real loss will primarily depend on other factors that affect the non-money side of their transactions.

If some wages are artificially held up, there will of course be difficulties, but these cannot be classed as "overproduction." It should also be remembered that a market society never guarantees that a producer can sell all his production at the profitable prices he thinks he should receive. Consumers are free to impose losses on those whose production, or prices, do not meet with their approval.

(13) Whether "a farmer overplants or underplants" depends solely on how his foresight of future conditions compares with the resulting reality that develops. The closer his preplanting foresight approaches the resulting reality, the nearer his rewards will approach his earlier expectations. There is no other "norm" for a farmer's planting.

(14) Inflation does not mean "a rise above this normal level" of what someone may consider "worthwhile." Inflation means an abnormal increase in the supply of money or money substitutes and, other things being equal which they never are, higher prices for most products. Disinflation and deflation are the converse.

(15) Neither disinflation nor reflation are necessarily "corrective in their nature." They are merely other terms for deflation and inflation. Disinflation reduces the relative demand of those whose funds are reduced and thus increases the relative demand of others. So-called reinflation increases the relative demand of those receiving the newly added funds and thus reduces the relative demand of others. Neither changes the available supply of marketable wealth. They are both signals that tell intelligent entrepreneurs to readjust their investments and production policies to meet the new distribution of demand.

"Normal" Money Supply

(16) If there is a "normal" money supply, it is that supply determined by free market conditions. The total supply of the commodity used as money is then distributed among its many uses so that no one can gain a profit by transferring a quantity of it from one use to another, i.e., the value of gold as money, jewelry, or an industrial commodity would be the same. With every shift in the relative values of the different uses, it becomes profitable to shift quantities of the money commodity from one use to another. As human demands change, the relative quantities put to each use, including that used for money, will also change. When men stop changing their relative values, and only then, will a "normal level" or a "stable money value" become possible.

(17) Economic equilibrium is a state of complete inaction. When quantities desired and available are in balance, there is no urge to produce any more. All human life is disequilibrium. Live men always want some "values" they do not have.

(18) Mr. Cist might be asked what he means by "a rate of profit." Apparently, he does not understand that there is no such thing. Profits are rewards for relatively better foresight and ability in supplying consumer demands. Profits are ever changing and are not necessarily related to investments. Profits are always temporary and never steady. They appear, disappear and reappear as market conditions adjust to new situations. Profits can only exceed losses when there is a relative increase in satisfying consumer demands. In a free market, profits, once created, are soon dissolved by competition into higher wages, higher prices for raw materials and lower prices for finished goods.

(19) Profits have no constant or desirable relationship to the "rate of interest." They are two entirely different types of rewards for two entirely different types of contributions to the satisfactions of consumer demands. They are "in line" when they are determined by the joint actions of savers, sellers and consumers in a market unhampered by legal restrictions on moral actions.

(2) What Mr. Cist means by "orthodoxy" is not clear, but there is no "wide gap" in the fences of economics. The gap, if any, is in the economic understanding of those who do not sufficiently understand economics.

(21) Since all life is a series of changes and since human values are ever subject to instantaneous alteration, there cannot be any such thing as "*general* equilibrium" or "a *normal* level of *general* production." The words "general equilibrium" can be defined as cessation of all further human actions, or death, but it certainly cannot be explained by "the idea of a *normal* level of *general* production," for neither Keynes nor any of his disciples can scientifically define, compare or measure "*general* production" or, for that matter, "*normal level.*" What is the sense of talking about the undefinable in a scientific discussion? Just how can inactivity, or death, help explain what causes any economic activity?

No Actual Stability

In his Section III, Mr. Cist talks about "exchange stability" without defining what he means. There is, of course, no stability in economic life. The only stability that is desirable in the realm of economics is a stability in the relationships of paper money-substitutes and the quantity of the commodity money the money-substitutes are supposed to represent. That stability is maintained by the relatively free convertibility of the paper receipt or money-substitute into a fixed amount of the commodity money. The stability in the relative ratios of the paper money-substitutes of two countries can only be maintained if the paper money-substitutes of both countries can be freely converted into the same commodity at the previously established ratio.

Mr. Cist seems to forget that Americans never refused to buy British goods. We only refused to buy British goods at the prices asked for them in this country. These prices included the exorbitant demands of British Labor Unions. There never was any logical reason why American consumers should subsidize the members of British Labor Unions. If the British insist on pricing their wares out of world markets, they must suffer the consequences. (Incidentally, Mr. Cist seems to forget that Britain could have obtained dollars by selling to other nations, but unfortunately Americans were not the only ones who refused to buy British goods.) Naturally, Americans will seldom be eager to lend their savings to British industries whose labor costs price them out of world markets.

The British loss of gold was merely the logical result of institutionally subsidized wages and the resulting high prices which tended to reduce exports and increase imports. The proper corrective was the removal of the institutional restraints on free market wages and not the money manipulations by which Keynes sought to make lower British real wages more palatable. The policies advocated by Keynes were not economic policies but merely policies of political expediency whereby he hoped to fool British workers into thinking that their high wages in paper pounds were the equivalent of high wages in terms of the former gold pound.

Every economist will agree that American tariff policies didn't help matters but American suffered from this as well as Britishers. So far as the British were concerned, it was merely a shift in consumer demand. The real British difficulties resulted from Britain's labor policies which we, in a major way, have since adopted. Sellers must always adapt their production to consumers' demands and this Britain refused to do. She reaped the economic consequences and we shall do the same if we should ever grant to all workers the legal privileges now exercised by the minority of workers represented by labor unions. The penalties of our present "labor" policies now fall primarily on non-union-represented workers. The penalties are largely in the form of reduced wages for non-union jobs and creation of a demand for ever increasing unemployment insurance benefits for those forced out of employment by the present legal ability of unions to restrict the number of profitable jobs in many American industries.

Mr. Cist also neglects the British policies of credit expansion which were a strong contributory factor in making Britain's uneconomic labor policies of the post World War I period temporarily possible. Such monetary policies helped hide the resulting maladjustments and thus put off the day when a readjustment toward reality became compulsory. This *temporary* illusion served to create still greater demands for further infringements on free market operations and thus increased the gap between the consumer demands that were satisfied and those that would have been satisfied under free market conditions.

Keynes' "Jabberwocky"

The important thing to remember is that Keynes was providing an *ex post facto* professional respectability for the very uneconomic policies of British politicians who feared the political reaction of organized labor. His jabberwocky was not economics. It was merely a veil to hide the economic consequences of uneconomic *policies* from British workers.

Unlike Mr. Hazlitt, Mr. Cist does not seem to be familiar with the writings of Ludwig von Mises. He continuously cites "authorities" who believe the immutable laws of economics can be circumvented by man-made political laws. He fails to realize that every political interference with the moral transactions of free men must result in less human satisfaction, not more. That he has lots of company in his "serious blind spots" cannot be denied. But economics, like any other science, cannot be determined by a count of hands. The Keynesian confusions have made it almost impossible for anyone to learn economics at our so-called institutions of higher learning. The students read such anti-economic sources as Mr. Cist cites, the nonsense of statistical approaches and non-scientific "macro" estimates that tend to hide the scientific realities of individual actions.

The Sneer Treatment

Mr. Cist deserves great credit for challenging Mr. Hazlitt's contribution. Most of his like minded colleagues would not have dared

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Pro-Hazlitt and Anti-Keynes

to enter into such a controversy. They usually prefer to talk among themselves while giving sound economic papers the sneer or 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 more people to remain unemployed.

Mr. Cist 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 torpedoed at any moment by political expediency and later justified by someone hiding under academic robes, as happened in the case of post World War I British politicians and their apologist, the late Lord Keynes.

Like many others, Mr. Cist accepts the political propaganda that the so-called Reciprocal Trade Agreements Program helps, rather than hinders, international trade. By definition, free trade means no political restraints or limitations on moral trade. Free trade does not need a political executive or trade dictator such as these agreements provide. Any investor in international trade is now giving a hostage to the White House and the political executives of other lands. Today, when political whims can unexpectedly stop or limit either exports or imports, the role of tariffs is strictly minor. Traders can adjust to any established tariff policy but it is extremely difficult to keep adjusting to the constantly changing whims of politicians who are ever seeking new forms of wealth or income that they can confiscate and distribute to the pressure groups to which they are beholden.

Tariffs are uneconomic 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 readjustments in production cannot 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 unions now all have statisticians, called economists, who quickly inform their members that higher paper money wages are not necessarily higher real wages.

Whether Keynes suffered from a mote in his eye, from total economic blindness or knew what he was doing, we may never know. However, we do know that his *General Theory* was a forest of gobbledygook that served to hide the teachings of economics.

In addition to the ensuing setback to the teaching of sound economics, the real disaster was the damage done to the economic calculations that businessmen must make in order to determine in advance how they can best employ available supplies of labor and material resources to satisfy the consumer demand that will exist at the end of their operations. The Keynesian confusions have added to all economic calculations the wholly unnecessary burden of trying to foretell the whims of politicians in their attempts to fool their electorate into believing that they are Santa Claus when they make half hidden additions to the supply of money substitutes which they always endow with the same legal value as commodity money and all previous quantities of their money substitutes. They are thus able at any moment to invalidate 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 had based their production plans.

Nothing could make the economic nonsense of the "Keynes program" necessary. Nothing can make voluntary insanity 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 alerted their members to the inability of Keynesian doctrines to perform the "miracle . . . of turning a stone into bread." (Note 5)

Only the confused theoreticians, on whom universities and governments have conferred the wholly honorary title of "economists," and those who listen to them still proclaim the miracle of political credit expansion as the answer to every wish of every pressure group. Henry Hazlitt 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 foggy clouds of Keynesianism.

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NOTE 5. Mises, Ludwig *Planning for Freedom*, Libertarian Press, 1952. P. 51. Professor Mises cites the "*Paper of British Experts* of April 8, 1943 . . . The author of this document was, of course, Keynes."

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European Recovery Strides and American Competitiveness

in the Detroit area is $7.90 per hour, as compared to $3 per hour in England, as low as $2.38 per hour in France and $1.60 per hour in Milan, Italy. The current hourly base rate for a Ford assembly line worker in the auto industry here is $2.44, exclusive of fringe benefits, which add, roughly, from $0.50 to $0.60 per hour here, compared with $1.05 in the United Kingdom and $0.69 in Cologne, Germany.

In the steel industry, Mr. Roger Blough reports a similar picture, with Ruhr steel workers earning a weekly wage of somewhat less than one-third that of their American counterparts. And in the case of another booming economy, aggressively matching the best we have to offer in manufacturing methods and equipment—I refer to Japan—industrial wages run roughly 14% of comparable American rates.

Traditionally, American industry has been able to meet and beat wage competition because of its greater capital investment, its superior plant, equipment, managerial methods and economies of scale.

We have now largely lost this advantage, particularly in industrial production. Given the developments I have described in the European economy, the increasing capital investment, the improvements in European manufacturing methods and machinery, the achievement of production volumes rapidly approaching our own, the wage differential alone will become increasingly significant to American manufacturing industries.

It is likely, of course, that Europe's wage scales will increase in the years ahead. It is unrealistic, however, to think that in the next decade their wages will catch up with American wage costs.

As a result of stern self-discipline, many countries in Europe have achieved balanced budgets and in certain instances have had one or more tax cuts. No small contribution has been made by wise and statesmanlike labor leaders and workers in England, Germany and other countries, who repeatedly refused to press for wage increases that they felt their countries could ill afford.

We, by contrast, seem to have been on a continuing spending spree. Industries have been pushed into excessive and repeated wage increases that have steadily widened the cost gap between ourselves and Europe, and cut sharply into our former advantage in productivity.

Cites Others' Comments

One of our foremost national authorities on international economics, Mr. John J. McCloy, recently had this to say:

"We have to face the fact that in many lines we are pricing ourselves right out of the world market. It is up to us to make clear to all that we have to keep prices and costs down. We have to make better products and we have to work longer and harder to make them.

". . . a disconcertingly large number of people in this world . . . are working harder and they are rapidly achieving a competitive know-how . . . we are (also) all aware of the tremendous strides Russia has made in industrial development. We no longer stand out as the single great supplier of goods that we were in the early postwar period."

I would add the thought that the industrial development of Red China also is proceeding apace. Thus, in terms of the Cold War, we are confronted in the markets of the world with two great potential trading powers, seeking to draw the vast underdeveloped areas into their orbit, and unencumbered by the problems of wage and price inflation that are now pricing us out of world markets.

How is America going to face the challenge of swift industrial development abroad — the combination of fast growing productivity and efficiency with low wage rates that threatens our competitive position not only in world markets, but also in our domestic market?

It seems to me there are three possible approaches. We can try a return to a high tariff, protectionist trade policy. We can accelerate the movement of American production abroad to take advantage of lower wage rates. Or we can make the necessary effort to maintain our competitive position both at home and abroad. Let's examine each of those points briefly.

Would Not Restrict Trade

First, should we fall back on trade restrictions? To begin with, our postwar foreign policy has had two related objectives. In the short range, we have tried to follow an economic and trade policy that would strengthen the war-shattered economies of friendly countries and enable them to resist Communist subversion. At present it appears that we have succeeded, particularly in Europe. In the long range, we have worked toward the vision of rich new market areas in the world in which United States industry might participate fully.

A return to a more restrictive trade policy would, of course, have severe international repercussions. It would bring sharp reprisals tending to seal us off from growing markets throughout the world. The effects of reprisals on the cost of imported raw materials, on which we increasingly depend, also could be severe. The long-term effect would be to contract the scope of our total economic activity, to throttle our growth and to weaken our leadership and influence in the world.

Furthermore, a protectionist policy would deny the American consumer and American industry the benefits of progressively lower cost and more efficient production, which are the normal outgrowth of competition from abroad, and would ultimately result in lower world trade levels.

I am sure that you will agree that, rather than seeking to restrict trade, we should be doing the things that will enable us to compete—to swim strongly in a stream of expanding world trade.

If America's cost disadvantage continues to increase, however, it seems to me we must anticipate an increasing flight of American capital and much more sourcing of parts and products abroad. A trend in this direction is already evident. American manufacturers of tractors and farm implements, as well as of typewriters, office machines, cameras and optical instruments—goods having a high labor content — are increasingly sourcing and manufacturing in Europe, Latin America and Japan for sale in the American market. I suggest that what is now a trickle may grow to a flood which could disrupt both production and employment patterns here in the United States.

Must Remain Competitive

Now it seems to me that, if we want to sell in expanding 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, quality, costs and prices with foreign industry.

Here I want to point out that, whatever our own problems of cost reduction, we must be granted full and free competitive access to foreign markets.

The theory that trade is a two-way street applies just as much to our foreign competitors as it does to us. If we are to give free access to the American market to foreign producers with size and efficiency comparable to ours and with substantially lower wage costs, we must ask an equally fair crack at their markets.

Five years ago in a speech on world trade, Henry Ford II, made this comment:

"I feel very strongly that our efforts to relax trade barriers will be of real value to the world economy only if our foreign friends are equally diligent in relaxing their own trade barriers."

The great new market that will explode in Western Europe in the next decade can give a tremendous boost to trade everywhere, if Europe's leaders recognize their responsibility to encourage the economic progress of the whole free world. Let us hope that they will, especially so as the common market plan becomes fully effective.

Criticizes European Barriers

Today, some European countries have tariff and quota barriers so effective or penalties so high as virtually to exclude all imports of various U. S. manufactured goods. Take the case of automobiles.

As you may know, our tariff on imported cars was recently lowered from 10% to 8½%. We have no quotas or other restrictive devices such as currency controls.

Now consider a 1959 automobile with full optional equipment, delivered in Pittsburgh, with a suggested list price of about $3,600, including state and Federal taxes; although, as in the case of many other products, it is common knowledge that the actual cost to the customer may be somewhat lower than the manufacturers' suggested retail price. If you wanted to buy the same car in France, England or Italy, you would have to hurdle barriers of severe quota restrictions and heavy cost penalties.

In France, the delivered price of that car is about $8,200. It includes no less than $3,200 of duties, a 40% premium for dollars called an equalization fee and special purchase taxes. You would also pay an annual use tax of about $240. In Italy, it would cost $5,800, with a penalty of $1,400, plus an annual use tax as high as $302.50. In England, the price would be about $8,000, with the penalty composed of a 30% duty and a 60% purchase tax—which is applied without discrimination, however, to all passenger vehicles.

As if these formidable barriers were not enough, imports are further limited by severe quotas and related devices. France admits only 12,000 vehicles a year from all sources, the United Kingdom presently restricts imports from the United States and Canada to 650 automobiles per year—even that quota has not been filled every year—and Italy admits only a few hundred American cars.

In fairness, considering past conditions in Europe, it's not hard to understand why such penalties have been imposed. Most of Europe's restrictive devices were established to protect local industries weakened by war, to conserve scarce dollars for vital purposes and, importantly, as a source of tax revenues.

I suggest, however, that it is about time to start examining some of these practices closely and see if they are all really necessary today.

Now, I will be frank and say to you that a lot of people argue that even without such restrictions there would never be any substantial market in Europe for American automobiles and other goods. My answer to that is: If we offer no competition, why do many countries try so hard to keep us out? Why shouldn't the people who may want to buy our cars and other goods now be able to do so without prohibitive penalties?

As the standard of living grows, as new highway systems spring up all over the face of Europe, people will begin to want larger, more comfortable and safer automobiles, as well as the many other wonderful labor-saving devices of American manufacture. There could very well be a considerable growth of demand for that kind of product in the future.

If American manufacturers are deprived of a fair competitive crack at Europe's rapidly expanding markets, the resulting loss of potential sales volume will not only be felt by them but by all the other industries that supply them—steel, rubber, glass, chemicals, coal and all the rest.

How to Keep Costs Down

I would certainly not suggest that our aid to Europe has been pure altruism. But I would say that we have been somewhat in the position of a fellow who has been watching out for the little fellow next door, and protecting him against the neighborhood bully. And suddenly one day we find that the little fellow has grown up, and has a good set of shoulders and biceps of his own. And we say: Son, the big brother act is over, and from here on out it's man to man.

Let us remember, however, that even if we were to achieve perfectly free access to world markets, it would do us little good unless we find ways to make our costs and, consequently, prices, competitive. This we must do if we are to sell in those markets as well as in competition with foreign goods in our United States market.

How can we keep our manufacturing costs competitive?

First of all, we can intensify the development and introduction of more efficient cost-saving machinery and methods. To do that we must have expanded capital investment. And that in turn means that industry must have profits adequate to create and attract that capital—profits that are not excessively taxed or squeezed to death between the pincers of soaring costs and price resistance.

Leaders of the steel industry have ably championed the case for more realistic tax allowances for depreciation and replacement of plant and facilities in the steel industry. Broader action in this direction could be a fruitful means of improving industry's competitive problem.

Must Halt Inflation

But ultimately the great problem before us lies in halting the present trend toward inflation.

It is indeed ironic that today many well informed Europeans apparently are more concerned about the stability of the American economy and the American dollar than they are about their own country's outlook.

As you all well know, the reasons behind the waning value of the dollar are many and complex. All of us are at fault. As a nation, our people have been too ready to take the easy way out of our very difficult problems, too ready to tolerate deficit financing of vast governmental expenditures, too ready to go along with the idea that a little inflation is a good thing.

The most insidious single factor of all has been repeated annual wage gains in excess of productivity. The fact that corporate employees' income has increased substantially in recent years, while prices have gone up, and while corporate profits have notably failed to grow, all underlie the situation described by Mr. McCloy—the wage-costing of American products out of the world market.

Ultimately the greatest single problem before us lies in halting this trend.

Some of our union leaders recently have been suggesting that the solution is to go to Europe and Japan and start pumping up the wage scales over there. To the contrary, capital is flowing into these countries to the benefit of all their economies. I suggest that instead of trying to upset their economies, we concentrate on correcting the deficiencies of our own.

Inflationary Wage Peril

It seems clear that if the present pattern of inflationary wage increases is permitted to continue, the final consequence must be to price ourselves not only out of foreign markets—but out of our own markets as well. It must in due course lead to a hue and cry for protectionism that would isolate us from the world and greatly diminish our leadership and our influence in the struggle for world peace.

Let us hope that the impetus for change will come from an enlightened American public that understands the nature of the problem and that acts in its own enlightened self-interest. And believe me, it will not understand that problem without all the help it can get from industry, from enlightened labor leaders, from government, from our schools and our mass media of communication. It is our mutual job to see to it that everyone is alert to this particular danger.

If enough of us recognize this situation now, it is not too late to set a new course, to stop the inflationary trend, to hold our own markets and in due course to rebuild our dwindling export markets. This may be asking a lot, but I for one do not forget the literally thousands of letters we received during our recent labor negotiations, many of them from union members and their wives, asking us to hold the line against further price inflation, even if it meant giving up additional wage increases. People are beginning to see the problem. Let's hope enough of us can benefit by the lessons of the recent past so that we will not have to go through a much tighter wringer before corrective action is finally taken.

After all, we have everything we need to meet this problem, the talent, the intelligence, the rich resources of our nation's unparalleled industry and agriculture and raw materials. The American dream lies before us as bright and untarnished as ever. We must not let it be stung to death by the wasp of wage inflation.

J. L. Fauls, Jr., Co. Formed

CHICAGO, Ill.—John L. Fauls, Jr. & Co. has been formed with offices at 141 West Jackson Boulevard to engage in a securities business. Officers are John L. Fauls, Jr., President; J. Joseph Griffin, Vice-President, and A. B. Fauls, Secretary and Treasurer.

B. D. McCormack Secs.

B. D. McCormack Securities Corp. has been formed with offices at 99 Wall Street, New York City, to engage in a securities business. Officers are Samuel Balinsky, President; Stanley Mindel, Vice-President; and Gloria Giordana, Secretary and Treasurer. Mr. Balinsky and Mr. Mindel were formerly with Ross Securities and P. J. Gruber & Co.

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. Moeur, vice-president; Richard S. Washington, assistant vice-president; and E. M. Sharpe, secretary.

Form United Services

FT. WORTH, Tex. — United Services Investment Association, Inc. has been formed with offices at 3327 Winthrop to engage in a securities business. Officers are Herbert E. Dickey, president; J. J. Heinemann, vice-president; and Gordon G. Sheffield, secretary-treasurer.

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Fiscal Responsibility

toward government service and recognize the achievements and good points of our public leaders as well as their failings. Press and radio talk much of freedom of speech, very little of the responsibility that should go with it. Any political leader who displeases a pressure group may expect to be ridiculed and even insulted. His every motive is impugned, people are encouraged by propoganda to believe that he is weak, incompetent, or corrupt.

A man was taken to the nearest hospital after an automobile accident. The doctor put his leg in a cast and told him that he would have to remain overnight but could leave the next day. In the morning the doctor returned and said he'd have to stay for a few more days. "I didn't know how badly banged up you were until I read about the accident in the paper."

Sometimes when I get through reading about how bad conditions are, or listening to a commentator, I wonder if they are talking about my country.

When I went to Washington four years ago, I dreaded the bureaucratic atmosphere for two reasons: I thought that the personnel would be below business standards; and that it would be impossible to make progress. In my first assumption, I was completely wrong. Generally speaking, the personnel is fully up to private industry and in the case of the Bureau of the Budget is above it. As for the second, I was partially right. Progress is difficult and very slow. Each one of us is partly responsible, for we tend to interest ourselves only in what directly affects our personal interest, rather than the interest of the Nation as a whole. This helps to build up pressure groups and political antagonisms.

It has been said that too many people seem to think it isn't enough for the government to guarantee them the pursuit of happiness. They expect the government to run interference as well.

We must have greater confidence in our leadership once we have chosen that leadership. I have one practical suggestion to offer and that is to take a lesson from the Australian practice. There, when a government official is criticized in the newspapers or over the radio or television, he is given the same space or the same time to reply. I believe that might go a long way to help correct this abuse of freedom which I think we all recognize.

Let me tell you that the group of men who are running our Washington Administration are as capable and devoted a group of men as could be found in this country, and amazing progress has been made in improving efficiency and putting modern business practices in the government.

Better Organization

One of our real accomplishments this year was passage by Congress of H. R. 8002 which requires that agency budgets and appropriations be made in terms of annual accrued expenditures. The American Institute was very helpful in enabling us to get this bill through the Congress. The approval of the reorganization plan of the Defense Department is the second big accomplishment this year. Each of these will take some time for thorough implementation but they are really significant developments.

Other important accomplishments are the merger of the Office of Defense Mobilization and the Federal Civil Defense Administration. Also, the more effective coordination in the operations of our civil aviation agencies with those of the Defense Department through a new Federal Aviation Agency. This was largely worked out by General Quesada, and will enable us to avoid a very costly duplication of facilities.

But in spite of all these accomplishments, there is still a tremendous lot to be done. The President's responsibilities and duties are much too great for any one individual. A number of suggestions have been made and detailed plans have been proposed which are still under consideration. I personally think that the recommendations of the Second Hoover Commission Task Force report for further strengthening the Bureau of the Budget would be very helpful. The Budget Bureau already acts very much like a controller or financial vice president of a modern business corporation. Then there is Mr. Hoover's recommendation for a second vice president; perhaps we should have two more vice presidents, appointed by the president in addition to the elected vice president. The government certainly needs more good managers and effective coordinators at top levels.

Fiscal Position

Our many fiscal problems have been discussed pretty thoroughly in the press and periodicals. However, much more education seems to be required. Take the Defense Department—there is no limit to the amount of money that we could spend on our defense establishment. Each of our thousands of installations of the different services throughout the world have many needs and desires. I can assure you that the budget as presented to the Congress with the President's Budget Message has reduced the service desires by several billion dollars and is well balanced as to the nation's defense needs and capabilities. It is as reasonably adequate defense as it would be possible to prepare for in advance. There is no one who has had more experience in this type of fiscal problem or in actually operating vast forces afield than our President.

When it gets to Congress, however, the Defense budget has another thorough going-over by the various committees. As finally enacted, the budget in my opinion is not as good, not as well balanced, and not as carefully worked out as the original budget presentation. I have the greatest admiration for our military leaders, but the Director of the Budget is not the most popular member of the administration in military circles. They say that the officer of the deck on a destroyer on patrol off Formosa asked the starboard lookout what he would do if a man fell overboard. The lookout was silent for a moment and then asked, "Which one, Sir?"

Turning back to agriculture, Secretary Benson has fought gallantly year after year for more flexible price supports and lower fixed minimum payments. The administration has been able to defeat some adverse proposals and a lot of undesirable amendments. At the same time, agriculture has been going through a technological revolution with rising productivity. The net result has been that the cost has been going up to fantastically high figures. It is not only the cost to the U. S. Government but the cost to every citizen, by increasing the cost of every item he has to buy. Each one of you should interest himself in this problem. Most of the payments, I believe, are going to the large-scale operators.

Take a look at our programs for natural resources. Here we have competition between the Corps of Engineers, which has many supporters, the Bureau of Reclamation, the Interior Department, the Forest Service, and other programs of the Department of Agriculture. In my opinion, these programs should be united under one department.

Take the Veterans' programs as another example. Here the Administration has waged a continuous fight to prevent many expensive, unnecessary and undesirable programs, bonuses, subsidies, and benefits which are proposed each year by some member of Congress.

Consider the housing programs. After the war there was a great shortage of housing units and both parties helped in putting through a very progressive legislation which benefited the returning veterans and helped make up our terrific housing shortage. That emergency has passed, yet Congress is continually revising the housing programs and starting new programs that compete with private enterprise and do not begin to have the urgency of the earlier programs.

Our highway programs are far reaching in significance. The Administration was able to put through legislation to place the magnificent new country-wide program of throughways on a self-supporting basis. As the result of recent Congressional action, however, expenditures next year will be more than the trust fund receipts and accumulated balances. We can expect that unless something is done about it, the needed funds will be voted out of the general receipts. I, for one, strongly believe that if necessary, tolls and gas taxes should be increased so as not to have to dip into our general receipts for this vast program.

I could go on all day to illustrate our constant fight to reduce the concentration of power both fiscal and administrative in Washington. The President is a vigorous leader in this effort.

Offers Own Suggestions to Improve Congress

I mentioned incidentally, several places where I thought that Congress and its procedures could be improved. I think it is time to have a thoroughgoing study made by the legislators and outside experts as to how we could improve the operations of both Houses.

To start with, I believe that the term of representatives should be extended from two to four years. Too much time is spent in campaigning and the political effects of each decision take too prominent a part in their approach to every problem. Even better would be to have the terms of the President and Vice-President and congressmen all extended to six years, and have the elections coincide. Then we would really have a Donnybrook every six years, but during the other five years I think we might get more attention to business and less influence exerted by the pressure groups and politicians.

During the past few years I have sounded out a number of congressmen and I believe that the time is about right to put through some very fundamental changes which would greatly improve our fiscal control. In my opinion, we should have a single appropriation bill to cover all of the operations of the government, plus the power of an item veto by the President. One way would be to have the individual appropriation bills considered and passed as at present, but then held in abeyance and not sent to the President until the last bill has been passed. They could then be grouped together and reconsidered as a whole. The revenue measure should be considered at the same time as the appropriation bill, so that every member of Congress would be made aware of the total amounts he was appropriating and their relation to the expected annual revenues. At the present time I am certain that many congressmen do not realize the effect of their votes in relation to the total budget picture.

In addition to the single appropriation bill, it is very important that the President be granted an item veto so that he could disapprove a single item in the budget which had been added without his approval and for which he did not wish to take responsibility. This would restore to the President the responsibility which is rightfully his to conduct the operations of the government in the most effective, efficient manner. I believe that Congress could grant this authority without a constitutional amendment, but in any case, I would like to see it tried. If the members of Congress feel sufficiently strongly about the necessity for an item that has been vetoed by the President, they could of course pass it over his veto with a two-thirds majority of each House. It would not be necessary, however, for the President, who disapproved of a single item, to return the whole bill, thereby nullifying other good features which the bill may contain.

Another proposal I have in mind is to have more joint hearings held at which the members of the different committees of both the House and the Senate could be present, so that the top administrators of the government would have to appear only once and therefore be able to give more of their valuable time to the administration and operation of the government. It is most difficult to get leaders of business and labor to take jobs in Washington with the present cumbersome procedures, the conflict of interest laws, and the continuous criticism to which they know they will be subjected. The conflict of interest rules should, in my opinion, be modified and applied to Congressmen as well as to members of the Executive branch.

Information and Public Relations

Another broad area in government which needs intensive study and review is the area of public relations. Through the USIA and the Voice of America, we are trying to present the facts of American life to other nations of the world. Every effort is being made to present a fair and true picture without progaganda overtones. But much of the good is counteracted by unfortunate statements made by individuals in Congress and business which are widely publicized in the press and converted by our enemies into telling progaganda attacks. Radio Moscow has a midnight broadcast in English which is fiendishly clever in attributing false and misleading motives to every action which we take. This is supported by daily quotations from the press of this country which can be found to serve almost any purpose. I think we badly need a public relations and education program in this country as well as abroad. I was told it was politically impossible because it was feared that it would become a propaganda office. I am not willing to give up that easily and I believe something could be done to meet the need, once the general public recognizes it.

Taxation

Before concluding my remarks, I shall say something about the subject which is of course of more direct interest to you, namely, taxation. While we have been talking and thinking favorably of a thorough overhaul of our tax legislation since the war, tax reform bills themselves have added more complications, more technical provisions that have to be interpreted. We have also failed to do anything about the overlapping between the Federal, state and local taxes. The Kestnbaum Commission made some excellent studies into this problem, and the Federal-State Joint Action Committee has touched on phases of it. I believe that the time is now ripe for a thoroughgoing review of our whole tax policy — Federal, state and local. I personally believe that too much reliance is being placed by the Federal Government on income taxes. While these act as a cushion against too rapid a decline in business net income, changes in the government's income are difficult to estimate for budgetary purposes. As an example, the Treasury estimates of receipts both from Federal individual income taxes and corporate income taxes, combined, for fiscal 1959 have been revised downwards during the last nine months by \$6.2 billion, or more than 10%. This is in spite of the fact that business activity has still been maintained at a high level. In the future, too much reliance on income taxation could jeopardize our Federal budget and credit structure.

I believe also that we have a multiplicity of tax returns which is quite unnecessary. Certainly it should be sufficient to prepare one individual income tax return and one corporate income tax return which could be used for several purposes and for several levels of government. We could have a joint collection agency, Federal, state and local, which could apportion the receipts from excise taxes, sales taxes, and possibly a new manufacturers excise tax. A local sales tax is quite inefficient when residents of neighboring states can have purchases shipped direct to their homes and thereby avoid payment of the tax. Furthermore, there should be standard exemptions and credits.

I have come to believe that so long as we continue high tax collections we are going to have high government spending. Even if settlement should be reached in the cold war over the next few years so that we could look forward to a more normal and peaceful coexistence, I fear that expenditures of other Federal agencies might easily pick up most of the savings unless plans for tax cuts have already been studied and approved for initiation when the opportunity arises. I do not think there is any good justification to continue indefinitely a corporate tax of over 50%, or individual taxes at the present high levels, particularly in the top brackets, and there are other serious inequities.

In conclusion, let me reiterate the statement that the taxpayers of this country will get the kind of government that they want if they go out and work for it. There is a lot of educational work to be done with business groups, with housewives, among the professions, with the farmers, and with labor groups as well, if we want to get back to a balanced budget, reduced Federal expenditures, and lower taxes.

American Stock Exch. Renominates Dyer

James R. Dyer, American Stock Exchange member for the past 30 years, was renominated to his fourth consecutive one-year term as Chairman of that market's Board of Governors, according to an announcement by Edward T. McCormick, ASE President, following receipt of the Nominating Committee's slate. The committee was headed by Clarence A. Bettman, Milton E. Reiner & Company. Mr. Bettman is a former Exchange President and also served as Board Chairman pro tem.

James R. Dyer

The Nominating Committee also named five regular members to three year board terms, four non-regular members to three year terms and one member of the gratuity fund. All posts will be filled at the annual election on Feb. 9, 1959.

Mr. Dyer is a stock specialist and has been a member of the exchange since 1929. He was first elected to the board in 1946 and was reelected to three year terms in 1947, 1951, and 1954. He was vice-chairman in 1952 and first became chairman in 1956.

Nominated to three year terms as regular member governors were Charles J. Bocklet; John J. Mann, Mann, Farrell, Jacobi & Greene; William F. Neubert, Cowen & Co.; Gerald A. Sexton, Sexton & Smith and Robert N. Suydam, Merrill Lynch, Pierce, Fenner & Smith, Inc. Messrs. Bocklet, Mann and Sexton have served as board members in the past. Messrs. Neubert and Suydam were nominated for the first time.

Nominated as non-regular members for three year terms were Edward A. Harvey, L. A. Mathey & Co.; Solomon Litt, Asiel & Co.; Walter T. O'Hara, Thomson & McKinnon; and Adolph Woolner, Bache & Co. Messrs. O'Hara and Woolner have served in the past. Messrs. Harvey and Litt are first time nominees.

John A. Ludlow, J. A. Ludlow & Co., was nominated to a three year term as trustee of the gratuity fund.

Serving with Mr. Bettman on the Nominating Committee were Oren F. Browning, Jr., Wm. P. Hoffman & Co.; Charles F. Bryan, Spencer Trask & Co.; Arthur J. Conroy, Boenning & Co.; Joseph A. McGarry, Wm. P. Hoffman & Co.; Frederick A. Mumford, Andrews, Posner & Rothschild and Clarence V. Quayle.

McDonnell & Co. Now a Corporation

McDonnell & Co., 120 Broadway, New York City, members of the New York Stock Exchange, has changed its status of operations from that of a partnership to a corporation. The new corporate name of the firm is McDonnell & Co. Incorporated.

T. Murray McDonnell has been elected President and Chairman of the Board of Directors of the investment firm which was founded in 1905. Charles E. McDonnell, Edward F. Becker, Robert E. Becker, Robert E. McDonnell, Robert A. W. Brauns, Hubert McDonnell, Jr., Donal P. McDonnell and William P. O'Connor Jr. are Vice-Presidents. Mr. O'Connor also has been named Secretary and Treasurer.

Members of the Board of Directors are T. Murray McDonnell, Charles E. McDonnell, Edward F. Becker, Robert A. W. Brauns and Mr. O'Connor.

R. C. Pistell Pres. Of W. W. Schroeder

Richard C. Pistell has been named President of W. W. Schroeder & Company, Inc., 55 Wall Street, New York City, members of the American Stock Exchange and the National Association of Security Dealers. Organized 24 years ago in 1934, the broker-dealer firm has recently been incorporated. W. W. Schroeder, the founder, was elected Chairman of the Board.

Mr. Pistell has been a general partner in Elliott & Company since the war. Prior to that he was associated with Van Alstyne, Noel & Company. Mr. Pistell has supported and participated in the financing of many growth companies including Standard Packaging, American Tractor, Chromalloy Corporation, Capital Cities Television Corporation and the Crowell-Collier Company.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

One of the best kept merger secrets in years broke out in mid-December when announcement was made that directors of Guaranty Trust Company of New York, and of J. P. Morgan & Co., Inc., had approved a merger 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 these bodies meet at their annual meetings.

Under the proposed terms, present holders of Guaranty Trust Company would receive a share of the newly organized Morgan Guaranty Trust Company for each share of Guaranty; and the holders of J. P. Morgan & Co., Inc., would receive 4 2/5ths shares of the new company for each share of Morgan now held.

Presently Guaranty has outstanding 6,000,000 shares of $20 par value, and Morgan has 350,000 shares of $100 par. A merger on the proposed terms would result in 7,540,000 shares, $20 par. It would put the new company in third place among the New York City banks on the basis of asset size, and in fourth place country-wide.

Capital funds, based on the two banks' Sept. 30, 1958, statements of condition would be $508,518,000; deposits $3,244,085,000. Book value of the shares, as of the same quarter-date, would have been $67.44, exclusive of reserves. Earnings on a pro forma basis at the Sept. 30 date would have been $5.12 for 12 months; while Guaranty's 12 months operating figure at that time was $5.20. The Morgan holder will fare somewhat better as regards dividend as he has been receiving $10 annually. Thus, if the $4 rate on Guaranty is to be continued after the merger, the present holder of Guaranty will continue to get his $4 annually, whereas the Morgan stockholder's 4.4 shares per share of Morgan will yield him $17.60.

Shortly after the announcement of the merger came word in the newspapers that the Department of Justice was scrutinizing the proposed consolidation with a view to deciding whether the consummation of the plan would result in lessened competition. If it is decided in Washington that such is the case, matters could reach the pass that they have reached in the Bethlehem Steel-Youngstown affair. In that case the bank merger could well be long delayed, or, indeed, forbidden by the courts.

The fact that the market price of Morgan has eased somewhat from the high of around 400 reached directly after the announcement seems to be telling us that at least a protraction threatens the plan.

* * *

Manufacturers Trust has announced a transfer of funds from undivided profits to surplus account, and a transfer of like amount from surplus to capital. The single effect of this move is to increase the par value from $10 to $20 a share, as the number of shares outstanding remains unchanged, but the dollar amount of capital is doubled to $100,780,000.

* * *

New York Trust is encountering a stockholder contest for representation on the Board of Directors. There are at present 19 members on the board. A group calling itself "Committee for Stockholder Representation" has distributed proxies for the January annual meeting proposing that the board membership be increased to 24. The management is opposing the move.

The management charges that in the Committee's first bid for proxies their move was "specifically and strictly for the purpose of gaining representation on the Board," and that the Committee's subsequent approach showed "their real intention was to promote a merger." In many quarters New York Trust has for some time been considered a merger candidate. Indeed, the bank's management has stated that they had discussed mergers with several other banks. To quote from the 1957 Annual Report: "Certain banks have expressed interest in merging with the Trust Company. It is the intention of the management to explore this interest."

The report then states that any specific proposal considered to be in the shareholders' interest will be submitted to the latter for their consideration. Proxy bids have gone out twice from both contenders, and there the matter stands to await resolution at the Jan. 19 annual meeting.

Earnings figures just being released for 1958 by several of the large New York banks indicate that operations are likely to yield results very close to those of 1957, on average. An interesting aspect will be the extent to which they have profited from securities operations. Some gains (after taxes) from this part of their business are likely to be large. One of the early birds reporting, Bankers Trust, showed a net profit of $5,322,702.

With Manley, Bennett

DETROIT, Mich.—Edgar L. Fink is now associated with the investment brokerage firm of Manley, Bennett & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, as a registered representative. Following some years in the investment business, Mr. Fink, a Detroit resident of many years, has more recently been active as owner and operator of La Salle Supply Corp.

With Vilas & Hickey

Vilas & Hickey, 26 Broadway, New York City, members of the New York Stock Exchange, announced that F. A. Dickinson is now associated with their firm.

Continued from page 4

German Experiences with Inflation

its consequences were not yet catastrophic.

At the end of 1922 the State actually lost control and the rapid destruction of the German currency began.

Figures Are More Meaningful

Here, some figures, which convey more than words can do. One U. S. Dollar was worth:

Year of 1923	Marks
January	39,750
June	154,000
July	1,102,000
August	10,325,000
September	160.4 million
October	72.6 billion

On Nov. 23, 1923, the dollar was worth four trillion, two billion of Marks.

On Nov. 22, 1923, the price for one match was 900 million Marks.

The stabilization of the German Mark took place on the following day, Nov. 23, 1923, on the basis of One German Billion, which is one Trillion Mark, equal to one Gold Mark, equal to one Rentenmark, which was the new currency of Germany.

This is a very short picture of the devaluation of money during this short period of exactly 11 months.

If one tries to analyze the reasons which led to this inflation it is easy to see clearly the difference to developments which we may call inflationary trends.

Reasons for the Currency Inflation

There were several reasons, some of which I will try to explain.

The lost war made it necessary to import more than was essential in prewar days, because large territories had been lost. It was necessary to import food and agricultural products which before the war were supplied by territories now lost. Through the war, Germany had also lost many foreign markets, there was a considerable loss of good will.

In spite of the markets being ready to accept large quantities of consumers goods and others all over the world, German goods were not readily accepted.

Thus, increased imports and restricted exports, led to a passivity of the balance of trade which led the German Government to engage in inflationary methods by increasing the volume of money through artificial credits and actual printing of money.

It may be said that this development prepared the way for the real inflation — but it cannot be said that the passivity of trade balance was *the* determining reason for it.

Actually there was at the height of the inflation in 1923 a very active trade balance, the reasons for which were quite obvious.

The fact that German economy, as a whole, was in the years after the war submitted to constant unrest and national and international disturbances has also often been quoted as being the source of inflation.

There were revolts and revolutionary unrests from left and right extremists. There were occupations (like that of the Ruhr by the French) and times when parts of the remaining German Republic threatened to break away.

But it is necessary to note that in spite of all this the production and the productivity of German economy constantly and comparatively quickly recovered, so that one cannot say that these events really caused inflation.

There was another development of which it was said that it decisively contributed to inflation. It was the passivity of the German balance of payments. This was especially true of the year 1921.

In 1921 the world market for ready made goods shrinked. The volume of incoming foreign currency as payment for German exports was consequently reduced. At the same time the Reparation Payments on the Basis of the London Ultimatum were fixed on three billion, two hundred and fifty million marks and the attempt to pay this in goods failed in the same manner as the attempt to spread payments over a longer period by raising loans.

This had the effect of reducing the value of the mark by one-fifth during the period from July, 1921, to November, 1921. When Rathenau succeeded to reduce the German cash payments and to increase the payment in goods in 1922 this trend was largely stopped and later developments prove that the reparation payments were not—as some German politicians and also some economists believed — really instrumental in creating inflation.

Singles Out Leaving Gold

There is no doubt that the real source of inflation was the financial policy of the German State. It was not decisive that at the start of the war the German issuing bank abandoned the gold basis. Under the circumstances prevailing at that time there was no other choice.

It was, however, the constantly increasing expenses through war production and the increased profits made by war production which made this loss of a firm basis a source of inflation.

At the end of the war there was three times as much money circulating in Germany as at the beginning of the war.

There should have been a withdrawal from circulation of the surplus money by means of taxation, but political influence of the groups concerned prevented the State to take such necessary action and these groups were also able to counteract the attempt of the government to draw on immobile property for reparation payments.

By preventing to allow the State to do what industry did already, i.e., to take taxes on the basis of a fixed gold mark value—as industry and commerce did with prices — and by other means to counteract the attempts of the State to prevent a constant devaluation of its income, the most primitive means to stop this development were bound to fail.

The State could not get the money to cover its expenses. Because of the consequences of the lost war it could not reduce the most important part of these expenses. The value of the money coming in through taxation—direct and indirect—decreased constantly.

Here are some figures: By regular income the State could cover its expenses at the start of the Ruhr Occupation by one-third; in April, 1923, by one-seventh; in September, 1923, by one-hundredth; and at the end of November, 1923, by approximately one-thousandth.

Besides this very unfortunate position into which the state was more or less forced by political influences of group interests, the issuing bank in Germany pursued a credit policy which was definitely contrary to what was necessary.

Criticizes the Reichsbank

The Reichsbank refused to transfer the commercial and foreign exchange credits to a special institute. It refused also to increase rate of interest according to the devaluation of Germany currency. Instead of it, the Reichsbank propagated an increase of the draft and credit business which, of course, had reduced itself automatically with the increase of devaluation.

The result was that outside of the Reichsbank it was hardly possible to get credits on the basis mark equal to mark and a very substantial and ever increasing speculation in foreign exchange via the Reichsbank was, in fact, encouraged and made possible. By constantly lending foreign money from the Reichsbank or with its help and repaying, it was possible to make unbelievable profits in Goldmark because of the constant devaluation of the paper mark.

In this way incredible amounts of paper marks accumulated in the hands of the debtors of the Reichsbank and this, of course, attributed to the process of inflation. These credits, in fact, financed the flight from the insecure paper mark into secure foreign currency.

Traces the Vicious Circle

This run for foreign exchange 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 and the automatic consequences it must have.

It is a real **circulus viciosus:**

People lose confidence in the national currency. They buy in constantly increasing numbers foreign exchange; in Germany it was mainly the U. S. Dollar.

They try to get goods and are ready to pay higher and higher prices for them.

The demand for foreign exchange cannot be met by the income of export trade and services.

The more the inland currency devaluates the more the foreign suppliers demand payment not in marks but in dollars.

The necessary import etc. can no more be paid for in foreign currency as now demanded by the exporters abroad.

Prices increase constantly because there is a run on goods and large parts of these goods and raw materials must be bought in foreign countries and paid for in dollars.

Production is withheld and raw materials stored because they cannot be replaced.

There is the start of the avalanche.

The printing press is called in to help.

Actually the newly printed money is being used to buy foreign exchange at constantly increasing rates.

The state goes, in fact, into the black market—it tries to do what all the people in the country do. Instead of preventing such development, the issuing bank propagated it, opened all possibilities for it and finally finds itself in a position to devaluate its own currency which to save is its highest duty. Once started, the printing press of the issuing bank never stops until everything is lost.

Finally the national currency ceases to exist.

Reviews Wages and Prices

In this connection it might be of interest to follow the development of wages and prices during this period.

The wages of the average German worker increased compared with the level of 1914 until 1922 (January) by 17 times. His wages were 17 fold higher. Prices increased during that same period as follows:

Milk	28 times higher
Meat	30 - 34 times
Bread	34 times
Eggs	55 times etc.

Now some figures for 1922 as from April of that year. The official cost of living index was in April 1922 = 3,175 in November 1922 (same year) = 5,800.

Wages, however, were in April 27 times higher compared with prewar days i.e. 20% less compared with the increase of prices. In November 1922 they were 54% less compared with the increase of the cost of living.

And all these figures do not even give the true picture as during the last period of inflation in 1923 it was actually impossible to fix these dates as inflation became too rapid.

It is undoubtedly true that the value of wages paid to workers was reduced by 50% of its value in 1918. After the inflation in 1924 it increased again to about two-thirds of its prewar value.

For comparison some international figures: in Spring 1922 the value of the wages of a building worker in France was 3.5 times higher than that of a German worker, 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 90 goldmark per annum.
1919: approximately 51 goldmark per annum.
Oct. 1, 1922: approximately 14 goldmark per annum.
November 1923: 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 1920 by 20 times.

January 1921	21 times
January 1922	42 times
July 1922	91 times

And in June 1923: 2,054 times and then it goes into astronomic figures.

Retail prices followed, of course, this development and an additional reason was that all enterprises tried to come to a stable basis of calculation and, of course, 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—as short as it was possible—a fair picture of the facts of the first German inflation after World War I. 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/or insurance companies, the overwhelmingly large mass of people of all professions and trades, however, whether in business or workers, whether doctors or civil servants are bound to lose everything they have—they have to start from scratch.

It is further 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 this 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.

This 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.

The reasons for this second inflation were, in fact, the same as with the first one.

It started in 1936 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, arms 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 for the madness of their leaders and for their own foolishness and crimes and I may take this opportunity to express our gratitude to the generous help your country and your countrymen have given to my people in these dark days after 1945.

Official statistics of that Hitler period do not give any true picture of the facts—as all official statements of that time are willful lies.

Only for the period after the war we can give some information and I will confine myself to one figure only:

1948 Currency Reform

When in 1948 the German currency of the new Deutsche mark was introduced it was stated that the loss of value in all saving was 100 : 6.5.

You all know that practically all Germans lost everything again.

Only those who owned property, mobile or immobile and those who had shares in the most important industrial enterprises escaped this complete destruction of our currency to some extent.

It was again the state who was responsible for all this. Neither the workers nor the business people, neither the professions nor the civil servants—not the people but the state produced the swell in currency which finally led to complete destruction.

This time it was ingenious methods which were adopted — clever, cunning, ruthless and well constructed — but nevertheless to

Continued on page 30

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German Experiences with Inflation

the same effect. The volume of money was inflated.

All cunningness cannot absolve those responsible for having destroyed the savings and everything material for a whole community.

One might well say that it is, of course, the people themselves who carry a large part of that responsibility in allowing those men to rule and to act.

At the beginning of my paper I said that inflationary trends are often regarded as real inflation. I have tried to show the reasons for true inflation. If I try to deal now with inflationary tendencies I may be permitted to survey the economic development as a whole so as to explain more fully the forces and backgrounds of German economy.

1929-33 Wage and Price Deflation

Both inflations in Germany were followed by a period of deflation.

After the First World War this period was clearly recognizable from 1929 to 1933—i.e. for four years.

The price level fell during that time by 22% (1922 = 100). The reduction of the price level per annum amounted to a little more than 5%.

During the same period nominal wages per hour per man fell by 27% (1929 = 100). The reduction of wages was thus larger than that of prices.

The development of real wages was also negative during this deflationary period. It fell by 5% and the puchasing power fell per annum by 1%.

The social effects of this deflationary period made themselves felt by an immense increase of unemployment and a constant loss of purchasing power.

This in turn attributed strongly to a radicalization of the masses and the uprise of Hitler.

There were certain reasons for this development. In the 'Twenties German industries had rationalized their plants to a very high degree.

Productivity campaigns and various methods of increasing production had been introduced. This increased production could not be sold as there was not sufficient purchasing power available.

Obviously shocked by the experience of inflation one was afraid to increase purchasing power sufficiently and made the opposite mistake to what had happened before. Whilst before there was too much money available—this time there was not enough.

Can Wage-Price Policy Work?

Here we come to deal with a subject which is very much discussed in Germany and I suppose everywhere else. It is the question whether prices or wages or whether both can lead to inflation and whether a price policy and a respective wage policy can prevent inflation.

Let us examine the facts as they present themselves to us in Germany. First of all let us state that if you take the cake of the social product you can divide this cake into different pieces. You may take pieces of exactly the same size and distribute them between all the children at the table—you may cut different slices of different thickness. It is, and remains, always the same cake—only you divide it up differently.

So, if one boy complains about his small piece he can—theoretically, and if you wish to do so in practice—get a bigger piece without increasing the volume of the cake.

You have only to take some away from one piece which is bigger.

What does that mean?

It means very clearly that no one can get more than there is in the cake—but that the distribution of the pieces of the cake is up to you. The volume of the cake is a fixed thing—the number of the pieces and the thickness of each piece, are not.

Translate that into the income of the various groups of our society and you will know what I mean.

By fixing prices artificially one destroys the working principle of a free economy. You fix the size of the piece of cake to a large extent. Whether by one method or another, whether by state control or by private enterprise—if one does this, one prevents the regulative of competition to work and creates conditions which influence the standard of living, the purchasing power and finally the value of our money.

But this is not inflation. Because no more purchasing power is thereby created. On the contrary it is reduced.

As wages cannot be fixed in this way or, if at all, only for a relatively small group of workers compared with the whole working and buying population of the community, there is no possibility by wage increases to start inflationary trends.

This would be only possible if wages could be increased generally to such an extent that neither prices, nor production, nor savings would be able to absorb them. This, however, has never happened in Germany and it is unlikely that it could ever happen because in our free economy wages are very susceptible to conjunctural trends and are in fact, in spite of what most people believe, rather independent of the development of prices.

Here are some figures:

During the periods of reconstruction after both World Wars we find very high increases of real wages during the first years.

During an exceptional increase in prices, wages increased from 1924-25, by 14%; and in spite of Price Stability they increased from 1925-26, by 7%.

And after the Second World War:

Increase of wages by 18% in 1948-49 with normal increase of prices.

Increase of wages by 13% in 1949-50 some reduction of prices.

Increase of wages by 7% in 1950-51 with strong increase of prices.

Compared with these figures, those periods of strong development of industry show—contrary to what is often believed—only a small increase in real wages: 1928-29, only 2%; 1957-58, approximately 1-2%.

Are Wages Independent of Price?

This shows that the rates of wages increases are closely connected with the conjunctural development of the national economy. They are surprisingly independent of the development of prices.

There were other reasons which reduced the purchasing power and some of them are in Germany: the underdevelopment of the industry producing consumer goods, the overdevelopment of heavy industry and of the export industry. This among other reasons led to stagnation.

If on the other hand the purchasing power is for more than a relatively short period unduly reduced, the effect is deflation.

The very simple formula that wages must not rise above the rate of the increase of productivity is only workable if certain preconditions are fulfilled: the starting position must be such, that the distribution of income is just and correct also with regard to production and demand—the economic development must be stable, i.e. there must not be structural changes in the economic set-up which would demand as a consequence another distribution of income to retain the balance of demand—production.

Prices must be only and exclusively regulated by offer and demand—there must be no private or state interference; if prices rise on the world market prices must increase in the inland market.

Wages must increase consequently more than productivity because otherwise the equilibrium of demand would be disturbed. Protectionist measures to support industries and trades which are not competitive mean increase of prices—if demand is to be upheld at normal level as before—wages must increase more than productivity.

All increases of the price level mean an increase of the volume of money. They are always connected with a swelling of the credits and an opening of the cash-reserves. This, however, is not inflation.

It appears that this continuation of a "normal" swelling of the volume of money and a certain inflationary tendency is part of our free economy which in fact is not as free as it appears.

From my remarks just now it is obvious that the preconditions under which nominal wages should conform with the increase of productivity do not in practice exist.

Prices in Germany are not really subject to the laws of free economy. Approximately 40% of our income in Germany is spent on food. With the exception of but a few products these prices are regulated by subventions, contingents and by a "Marktsordnung" (Market Regulation) which regulates them in the interest of producers and distributors.

Another 20% of our income is spent on goods and services which are subject to public monopolies: Postal services, railroads, gas, water, etc.

Another part of our expenses is influenced by the Central policy of capital interest fixed by banks.

All these prices cannot be regarded as market prices, in the sense the theory of the free economy regards the market.

Most Prices Are Not Free

This implies that 80% of our income in Germany is spent on goods and/or services which are subject to other laws than those of a market where offer and demand determine the price.

Under these circumstances one can hardly make wages responsible for a development in Germany which at certain times appears to show inflationist trends. These trends are a consequence of in some instances necessary interferences in the market mechanism! How far this interference is really necessary, how far it is the result of pressure groups and of political influences, this is a question I cannot discuss here. It is certain, that much of this interference is not necessary.

It is certain that a lot of it contributes to a distortion of our economy and prevents structural changes which are unavoidable and in the interest of the whole community undesirable.

We all know that the free economy which we know from the textbooks does not and cannot exist. It actually never existed and it may be, therefore, that it is so often proclaimed as the ideal.

Nevertheless if this modern economy which we know and the freedom we enjoy is to be saved we must allow the State in the interest of all to interfere. Not to interfere for the sake of controlling everything but to interfere to save the basis of our economy, the value of our money.

This cannot be done by one group of the community alone—nor can it be destroyed by one group of the community without the State permitting it.

By the various methods of our financial system, by fixing rates of interest, arranging taxation and direct subventions only where they are really economically sound—and not where they are politically advisable—by all the manifold and various means of a modern economy it is in the hands of a government to control with a light hand in time trends which may become dangerous to our economy.

Cannot Blame Wages for Inflation

To pick one group of the community out to make them and them alone responsible for the safety of our currency is unfair and demanding the impossible.

Even if workers would refrain from increasing their wa es for a given period—this would not prevent inflationary tendencies under certain coditions it would only create a reduction of trade, unemployment and misery.

Even if prices would be kept artificially stable by some indirect or direct subventions or by force, it would either create a Black Market or cut foreign trade or keep prices at a level out of contact with the rest of the world.

These methods have all been tried in Germany as we have seen. They have all failed. The only method really effective is the one which is in accordance with our experience and economic facts.

We know how inflation arises, we know how to prevent the reasons for such developments. We know what it means if a people engages in political adventures when it is ready to sacrifice its whole economy and the welfare of its people for some dreams of power.

We know that all economic monopolies must be kept under control so as to prevent them to set their interest above the interests of the community and we know that it is the man in the street who will pay most dearly for all experiments which may be made by people who, as our history has shown, are more cunning than clever.

It is the State who has to interfere to secure and to guarantee the freedom of each citizen and truly the State has to interfere to guarantee the economic security of the community.

In a free society this duty of the State does not imply to regulate free enterprise or to regulate prices and wages.

Only the State Can Create Inflation

His duty is to see to it by his manifold instruments he has to plan ahead, to see ahead and arrange things so that no one can devaluate the national currency more than is desirable in a given situation.

It is the State alone which can create an inflation. It is the State who can prevent it.

It is the State who can foresee when and where and up to what point inflationary trends are desirable or rejectable and dangerous.

It is the duty of every group of the community to see to it that selfish group interest does not gain power over the common interest of all. These words—as true as they are—have but little factual effect. Human beings have professed to many a great ideal and still we live in a world which only too often resembles a community where the laws of the jungle are stronger than the laws of justice.

So it is left to the chosen representatives of the people and the government responsible to them to prevent the misuse of power and influence. It can do so without interfering with freedom—if it plans in time and acts in time.

Parliament and government determine the road economic policy is to go. They decide in fact whether there will be inflation or not. They are in a position to collect all facts and to plan ahead. They have the means to influence and to interfere.

They cannot be absolved from that responsibility! And as—in a free democracy, we are the State—it is our responsibility to see to it that they get the powers and that we give them our support to plan in the common interest.

A watchful democratic society conscious of the dangers of political and economic apathy will see to it that it works.

This is the experience and the lessons we have learned from two inflations in our country.

May you foreever be saved from learning by such experiences!

Campbell Chibougamau Offering Completed

Allen & Co. and W. C. Pitfield & Co., Inc. on Dec. 30 announced that their offering of $5,000,000 (Canadian currency) Campbell Chibougamau Mines Ltd. 6% first mortgage convertible sinking fund bonds. due Nov. 1, 1968, at 100% (Canadian currency), and accrued interest, was oversubscribed and the books closed.

Net proceeds from the sale of the bonds will be applied by the company to repay bank loans. The balance of the proceeds will be used for general corporate purposes, including commencement of development of one of its ore bodies.

The bonds are convertible until maturity, unless previously redeemed, into common shares of the company at the conversion rate of 145 shares for each $1,000 bond if converted on or prior to May 1, 1961 thereafter at the rate of 120 shares per $1,000 bond on or before Nov. 1, 1963; thereafter at the rate of 100 shares per $1,000 bond on or before Nov. 1, 1968. Application will be made to list the shares into which the bonds are convertible on the American Stock Exchange.

The bonds will be redeemable at optional redemption prices ranging from 103% to par, and they will also have the benefit of an annual sinking fund through which redemptions will be made beginning in 1961 at prices identical with the optional redemption prices, plus accrued interest in each case. Principal of and interest on the bonds will be payable in Canadian or United States currency.

Campbell Chibougamau Mines Ltd. is engaged in the exploration and development of its properties which contain copper and gold deposits as well as some silver and cobalt. The company's main properties are situated in the Townships of Obalski, McKenzie, Lemoine and Roy, all in the Chibougamau District of Quebec approximately 300 miles north of Montreal, Province of Quebec, Canada. The company operates a mill on Merrill Island, Obalski Township, which has operated regularly at tonnages in excess of 1,700 tons of ore per day and on occasion has been operated at rates exceeding 2,000 tons daily.

Upon completion of the current financing, outstanding capitalization of the company will consist of the $5,000,000 of 6% first mortgage convertible sinking fund bonds, due Nov. 1, 1968, and 3,536,925 shares of common stock, $1 par value.

Stanley A. Russell

Stanley Addison Russell passed away Dec. 31 at the age of 69. Mr. Russell had been a founder of Lazard Freres & Co.

Tightening Money Market 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 are expected to increase $3.4 billion 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 its annual study of bond market prospects for 1959.

Demand for credit will rise about 40% in the coming year, bond analysts of the statistical and investment advisory organization estimated. Major increases will be in corporate demand, related largely to a turn-about from inventory liquidation to accumulation.

Presenting a detailed table of "sources and uses of funds," they also expect a sharp jump in demand for consumer credit. Government requirements, while remaining large, may be little changed from those of 1958.

Treasury efforts to lengthen the debt, nevertheless, will exert pressure on the bond market. The timing of these and other borrowings, and the reaction of interest rates, will be in large measure determined by policy decisions of the Federal Reserve Board.

"Nobody, 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 1957-58 is sufficient to support near-term economic growth."

"If business improves to the extent forecast, any change in monetary policy is likely to be in the direction of tightness, which could result in money and capital market congestion."

Sources and Uses of Funds in the U. S. Economy
Semi-Annually — Billions of Dollars

	1956		1957		1958		1959	
	1st half	2nd half	1st half	2nd half	1st half	2nd half*	1st half*	2nd half*
SOURCES OF FUNDS								
Life Insurance Companies	2.6	2.9	2.4	2.9	2.7	3.2	2.7	3.0
Mutual Savings Banks	1.2	0.9	1.0	0.9	1.5	1.1	1.3	1.0
Savings & Loan Assns.	2.8	2.3	3.1	2.3	3.3	2.5	3.2	2.3
Corporate Pension Funds	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.5
Fire & Casualty Companies	0.4	0.4	0.2	0.1	0.5	0.8	0.8	0.7
St. & Local Retire't & S. F.s	1.0	0.9	1.1	1.0	0.5	0.9	1.1	1.1
Federal Agencies	0.1	0.4	0.8	0.3	1.0	0.3	0.7	0.3
Credit Unions	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.2
Commercial Banks	—0.9	5.1	—0.6	5.5	9.8	2.0	1.5	4.5
Business Corporations	—2.4	6.2	—0.2	4.0	—4.2	7.5	--	3.5
Federal Reserve Banks	—1.0	1.2	—1.9	1.2	1.2	1.4	—0.9	1.2
Foreign Capital Inflow	1.2	0.6	0.6	0.1	0.2	0.2	0.5	0.5
Individuals & Others†	2.6	5.4	2.6	5.5	—9.8	6.8	7.2	7.0
Total	9.0	27.8	10.6	25.3	8.2	28.4	19.8	31.8
USES OF FUNDS								
Federal Government‡	—9.7	3.3	—7.7	4.8	0.7	7.3	1.0	6.5
Federal Agencies‡	0.3	0.1	0.9	1.0	—0.8	0.2	0.2	0.5
State & Local Govern'ts§	2.1	2.1	2.3	2.3	2.5	2.5	2.5	2.5
Business Corporations:								
Long-Term Funds	4.2	4.8	4.9	5.5	4.2	5.0	3.7	4.8
Notes and Payables	1.3	3.3	—0.5	--	—5.9	1.2	1.1	3.7
Other Short-Term	0.7	1.4	1.1	0.9	—0.2	—0.2	0.3	0.8
Net New Stock Issues	1.3	2.1	2.2	1.5	1.9	1.4	1.7	2.0
Mortgages:								
Farm	0.5	0.3	0.4	0.2	0.4	0.3	0.4	0.4
One to Four-Family Homes	5.5	5.4	4.4	4.2	4.1	5.3	5.0	4.8
Multi-family & Commer'l	1.5	1.4	1.1	1.8	1.5	1.8	1.7	1.5
Farm Production Loans	--	—0.1	0.2	--	0.2	--	0.2	--
Consumers	0.8	2.5	0.4	2.3	—1.7	1.6	0.5	2.5
Financial	—0.3	—0.2	—0.1	0.1	0.3	0.8	0.5	0.4
Commercial	0.3	0.8	0.2	0.4	—0.1	0.4	0.2	0.7
U. S. Private Cap. Outflow¶	0.5	0.6	0.8	0.3	1.1	0.8	0.8	0.7
Total	9.0	27.8	10.6	25.3	8.2	28.4	19.8	31.8

* Estimates or forecasts.
† Residual—represents individuals, unincorporated businesses, non-profit institutions, investment companies, fraternal benefit associations, etc.
‡ Excludes changes in Federal Government and agency holdings.
§ Excludes state and local holdings of their own and other state and local issues.
¶ Excludes direct investments.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, 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. 8). The big question which the bond market is trying to answer is whether or not current quotations have discounted the amount, the coupon rate, and the maturity of the new money bond which the financial 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 as broad as ever. However, it is reported that certain corporations that have been large buyers of the most liquid Treasury issues are now indicating that this interest is likely to decline in the not distant future. The action of the monetary authorities is being watched very closely also by the money market to see whether 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 conferences between the Treasury and the various advisory 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 beliefs are strong that the new issue or issues which will be introduced to the market by the Treasury will be pretty much along orthodox lines, in spite of "open month" rumors to the effect that option call dates, and conversion privilege, would be among the features of the new money raising obligations. It is indicated that the Treasury does not want the new money raising obligations to get in the hands of speculators to any large extent since there is no desire to have a reoccurrence of the unfortunate situation that surrounded the flotation last June of the 2⅝s of 1965.

It appears to be the consensus among most money market followers that the Treasury will be able to maintain better balance and greater control over the bond market, and get the longer-term issues it might offer into the hands of ultimate investors better, by not offering securities with gimmicks attached to them. To be sure, the speculator has a place in the bond market as well as the equity market, but there should not be excesses, as there have been on more than one occasion in the past.

Real Long-Term Issue a Possibility

Reports are being circulated to the effect that the Treasury will make a split offering in the new money raising operation, with a short-term issue to appeal to those investors that have funds to put to work, and having a maturity longer than the longest of the Treasury bills. As against the prospective short-term issue, there is more than a passing amount of talk about a real long-term bond being the other part of the package deal. It is indicated that a 30-year maturity with a 4% coupon at a discount price of say 98, seems to have a good deal of the spotlight at the moment.

As against this real longer-term bond talk, comes the opinions that a bond with a maturity of 10 years to 15 years is going to be part of the new money raising of the Treasury. It is being pointed out by certain money market specialists that there are not a few institutional buyers with funds which can be put to work in an intermediate-term Government bond, in limited amounts, that will not be attracted to a Treasury issue with a maturity in excess of 12 to 15 years.

On the other hand, there are state pension funds that must confine their purchases entirely to Government bonds and, according to advices, they will be interested in a Treasury bond with a real long-term maturity.

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 most likely involve another package deal. It is expected that a certificate with a maturity of about one year will be one of the key issues in this deal, since the Federal Reserve Banks own nearly $6,000,000,000 of the securities coming due at that time. What the rest of the offering will consist of is open to conjecture now, but it will probably consist of issues not used in the new money venture. A note with a maturity of less than five years is being talked about.

Chas. E. Quincey & Co. Admits Two Partners

Philip V. Mohan and John H. Excoffier have been admitted to general partnership in the investment firm of Chas. E. Quincey &

Philip V. Mohan John H. Excoffier

Co., 25 Broad Street, New York City, specialists in United States Government securities, and members of the New York and American Stock Exchanges. The Quincey organization was founded in 1887.

Mr. Mohan was formerly a Vice-President of The First Boston Corporation, having been associated with that firm for 22 years.

Mr. Excoffier's admission to partnership coincides with his 38th anniversary with Chas. E. Quincey & Co., where in his many years of association he held managerial and administrative posts, including successively, positions as assistant cashier, cashier and assistant office manager.

William Lucas Joins Phelps, Fenn & Co.

Phelps, Fenn & Co., dealers in state and municipal bonds, Housing Authority securities, and revenue and corporate bonds, announced that William E. Lucas, has joined their organization. He will make his headquarters at 523 Union Commerce Building, Cleveland, Ohio. Mr. Lucas was formerly a partner in Baxter & Company.

H. E. Hoffman Partner

H. E. Hoffman, 52 William Street, New York City, has admitted John J. Delaney to partnership.

Mitchum, Jones Branch

SANTA BARBARA, Calif.—Mitchum, Jones & Templeton has opened a branch office at 920 State Street under the management of Ralph G. Dalton.

Chicago Analysts Forum on Drug Industry

CHICAGO, Ill. — The Investment Analysts Society of Chicago on January 15 will hold a forum at the Midland Hotel on "The Product Story of Ethical Drugs in the Post-War Era." Program scheduled is as follows:

(Adams Room):

Morning Session: 10:30 to 11:30 a.m. "Steroid Drugs," Francis C. Brown, President, Schering Corporation.

(Ballroom):

Luncheon: 12:00 to 2:00 p.m. "Hematinics; Cardiovascular Antihypertensive Drugs; Vaccines," Dr. Thomas P. Carney, Vice-President of research, development, and control, Eli Lilly and Company.

(Adams Room):

First Afternoon Session: 2:15 to 3:15 p.m. "Antibiotic Drugs," John E. McKeen, President, Chas. Pfizer & Co., Inc.

Second Afternoon Session: 3:30 to 4:30 p.m. "Tranquilizers, Anticonvulsants, Hypnotics, and Sedatives," Charles J. Kern, Vice-President of research and development, Wyeth Laboratories.

(Ballroom):

Dutch Treat Reception.

Tariff is $5.00 per person (members and guests) until Jan. 12 and $6.00 per person thereafter.

Edwards Co. Managers

Edward F. Murphy and Sal P. Lalli have been appointed co-managers of the Graybar Building office of A. G. Edwards & Sons, members of New York Stock Exchange and other principal exchanges.

Charles King Partners

On Jan. 1 Ralph Iriarte became a general partner and Herbert Hipkins a limited partner of Charles King & Co., 61 Broadway, New York City, members of the American Stock Exchange.

With Van Strum & Towne

Van Strum & Towne, Inc., investment counselors, have announced that George H. Garfield and Gordon Peter Reed have become associated with the firm in the New York office, 85 Broad Street.

NYSE Quarter Century Club Dinner

The annual dinner of the New York Stock Exchange's Quarter Century Club will be held Thursday, Jan. 8, in the Grand Ballroom of the Biltmore Hotel.

The Club has a membership of 444 employes who have had 25 or more years of service with the Exchange. Some 385 are still active while 59 have retired. The Exchange has a total of about 1,300 employees.

Average age of active Club members is 48 years, and average length of service is 32 years.

It is expected that 300 active and retired members will attend the dinner, including 15 women.

Guests of honor will be Keith Funston, President of the Exchange, and Edward C. Werle, Chairman of the Board.

Now Corporation

(Special to THE FINANCIAL CHRONICLE)

ZANESVILLE, Ohio—Hay Investment Company, Incorporated is continuing the investment business of The Hay Investment Company, First National Bank Building. Officers are Edward A. Hay, President and Treasurer, and P. F. Hay, Secretary.

Forms N. E. Inv. Co.

STAMFORD, Conn.—John J. P. Nocerino is engaging in a securities business from offices at 520 Hope Street under the firm name of New England Investment Co. Mr. Nocerino was formerly with Ira Haupt & Co.

Continued from first page

Some Reflections on a Tour Of Duty in Washington

gies to the author of "The Affluent Society"—with the efficient matching of limited resources against unlimited needs. Prof. Allyn Young once defined the clear goal of economics as the material welfare of mankind. Next to the building of a just and lasting peace, to which this goal is inextricably linked, governments today are primarily concerned with the wide range of issues surrounding the matter of daily bread. Hence, trained personnel who can assist policy makers in reading the economic signs of the times and in gauging the most efficacious way for public policy to touch the intricate web of economic stimulus and response have an opportunity to play a key and growing role.

Professional men and women can be of great help to policy makers first of all in accurately describing an economic situation—to get out the facts from the world of rationalization, rumor, gossip, opinion, and prejudice in which they are often immersed. 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 ventures into statistics or joins forces with the statistician.

Next, the economist can undertake to relate the particular problem at hand to the whole economic scheme of things. This job is most essential at a time when narrow interests are well articulated and the general interest languishes from the simple fact that it is everybody's—hence nobody's business.

Further, the economist can assist policy makers in devising a range of alternative courses of action to meet particular situations.

Finally, the economist can provide guidance as to the possible consequences of going down these various paths to a solution. All this must be carried out with a full realization of how fluid the economic situation is, how great an uncertainty prevails. It must be carried out, too, with a candid facing up to the built-in biases of the investigator, a factor that can be guarded against to some extent by emphasizing statistics in the analysis.

The Non-Economic Influences

Having performed these four tasks faithfully and well, an economist will soon become aware of what he may have suspected but never knew from his own experience: economic considerations are not the only, nor always the most important, grounds for reaching decisions on public policy. Truth is, indeed, many-sided. Situations in our society are sometimes not to be solved by being merely logical, as a venerable teacher once reminded some of us. The human factors of personality and character and confidence, of course, are relevant. So, too, is the imperative necessity in a democracy of getting consent from a majority and of conciliating the interests of various groups. It is to factors such as these that we must look for an explanation, for example, of the failure of government to accept the advice of economists to finance from taxation more than half, not less than half, of the cost of World War II. The same observation might be made about the persistence of farm policies which the ablest agricultural economists do not espouse.

But an economist who has objectively appraised the facts, related them to the whole, suggested remedies and their likely consequences in the light of his best judgment has rendered an indispensable service. In many cases the facts and statistics may point so clearly in one direction that the decision, so to speak, makes itself. In some cases, where other considerations are more or less equal, economic analysis may be determinative. In still other cases economic analysis can unmask a dubious scheme and put its proponents clearly and at once on the defensive. A sound analysis makes life just that much harder for the ubiquitous fellow whose profession it is to demonstrate how he can overcome the facts. It makes the going tougher, too, for the high priests of incantational economics with its liturgical phrases like "tight money", "90% price supports", "trickle down theory", and "the American market for Americans". Moreover, the conscientious policy maker can know the most likely course indicated by economic fact and logic, should he feel impelled to depart from it for reasons that to him are overriding.

This kind of aid to policy makers is being provided today in our nation's capital and its great value is recognized. To be sure there are so-called practical men who cast a gimlet eye toward the man with the briefcase, the graphs, the polysyllable language and the Phi Beta Kappa key. These men may be suspicious of anyone who hasn't carried a precinct or met a payroll. And, let's face it: they have had reason on occasion for their suspicion. They have found professional opinion sometimes managing to come up with a difficulty for every solution. But such suspicions are rapidly disappearing. Administrators and legislators are faced with problems of such intricacy and complexity that they need professional help—and they earnestly seek it.

Economists Return to Favor

Competent, effective professionals are members of virtually every executive management and legislative team in Washington today. This is certainly true of The Hill where professional staffing of Congressional Committee has steadily gained ground, as well as in the Executive departments and independent agencies. In the White House Office, the Council of Economic Advisers operates at a high level of effectiveness under its present chairman. Earlier the Council was restored by the magnificent labors of the new president-elect of the American Economic Association following its demise in early 1953 as the result of having apparently lost the confidence of Congress the year before. For the first time, the President's personal staff in recent years has included a designated economic assistant. This experiment, set up to aid the Chief Executive mainly in an operational way, has perhaps turned out well enough to merit continuance, though obviously this is a matter for others and history to judge. It was especially gratifying to me that when a vacancy developed in this position last fall, President Eisenhower proceeded to fill it with an able and experienced professional economist.

II

Too Much Public Interference

A second general comment I would like to make is this: **More competition in more markets is a badly needed emphasis in government policy.**

It is my clear impression that in both economic analysis and policy, the pendulum has swung too far toward public interference in markets of various kinds. There has been a growing disposition to regard free markets as strictly fair-weather phenomena. This retreat from competition, usually in the name of stability, is largely the legacy of the Great Depression of the 'thirties and the World War of the 'forties. Those calamitous events led to one compromise after another with the basic principles of free markets. More than that, they provided a respectable rationalization for these interventions.

One of the essentials of our free economic system, as a leading labor spokesman recently pointed out, is not to interfere to redress every individual instance of economic disequilibrium so long as no general pattern of unbalance emerges. Because of the depression-born fear that small adjustments in parts of the economy were destined to spread and cause a general blight, there has grown up a disposition to overcompensate for such adjustments. This impulse is in evidence around most of the economic horizon—agriculture, industry, labor, finance. It springs from a desire for security, for immunity from change, elusive and impossible as such immunity is in our rapidly changing world. I might add, in a theological vein—and at some point economics often seems to become theology—that this impulse is intelligible, perhaps, as an economic manifestation of Dr. Martin Luther's doctrine of original sin—a manifestation which finds something of the monopolist (or monopsonist) in each of us.

By overindulging these attitudes and fears we may well have achieved something in the short run for the various economic groups concerned. But these advantages have been bought at a high price for the economy as a whole—a growing rigidity in structure and a tendency to rising costs and, consequently, of prices. One of the key factors responsible for the long-run inflationary threat we face today is surely to be found in this legacy from the days of the Great Depression.

The experience of the three postwar recessions should give us some gounds for faith in the basic resiliency of our economy and in its capacity to correct excesses and make adjustments without grinding down to the bottom of the pit of depression. Government policy with respect to the business cycle must, it seems to me, be based on this experience. It must be geared to minimizing, but not abolishing, the fluctuation around the growth line. It cannot, in a free society with decentralized economic decision-making, be based on a theory of perpetual boom. For the government to go deeper and deeper into the business of building competition shelters as it is constantly being pressured to do—usually on the basis of someone's economic analysis — is a dubious policy, indeed.

Political organization for promoting Federal activity to benefit special groups is very efficient. There is apparently no comparable method available of mobilizing political support for resisting such effort or imposing Federal economies in the interest of all. Elihu Root is reported to have remarked that Congressmen feel an organized minority will punish, but an organized majority will not protect.

Economists, it seems to me, have some responsibility to generate support for people in government who have to say "No" to narrow interest groups which seek to make government an engine for the attainment of their ends. In the past, because of the lack of such support, government on this front has resisted too little and yielded too much.

III

A third general observation is this: **anti-recession policy must be flexible and geared to each evolving situation.**

Three times since the end of World War II the economy has undergone a recession and recovery sequence. On each occasion the initiating causes varied as did the response of public policy. Speaking of the two instances of which I have some detailed degree of knowledge, 1953-54 and 1957-58, it can fairly be said that results achieved by public policy have been reasonably satisfactory.

We should, of course, recognize the assertion still made by some that the outcome might have been as good or even better in the absence of any conscious government policy actions. I do not share that view, even though I do believe that government efforts were—and must be—marginal to what the great forces in the private economy themselves generate. It has been soundly observed that it is not government policies themselves that bring about a recovery in our kind of economy but rather it is the private reaction to public policies that does so—or fails to do so.

Examines Recent Government Policy

It might be useful to consider briefly some aspects of government policy in the most recent downturn which got underway last autumn. The contraction came about as the result of a variety of causes including the cessation of expansion in capital spending by industry as a squeeze on profits developed from excess capacity, the decline in exports beginning early in 1957, the slowdown of defense orders. The dampening effect of restrictive monetary policy in some areas of the economy became evident at the same time. These events interacted in an environment that was dealt three heavy psychological blows by Sputnik in early October, by the stock market breaks later that month and by the President's third illness late in November.

Administration policy with respect to the recession was conceived and carried out on the basis of judgments about the future and the impact on it of certain factors, actual and prospective. First was the analysis of the probable course of business activity as set down in the President's Economic Report of January 1958. The estimate then, which proved to be correct, was that the downturn was apt to be a moderate one, perhaps of the type previously encountered twice since the end of World War II.

A second factor was the policy of easing credit initiated by the Federal Reserve System in late October, 1957. This development was to prove very effective in helping to promote recovery.

A third factor was related to a major exogenous event. For reasons wholly unrelated to business cycle policy, the placing of defense procurement contracts was scheduled for a more than 50% jump in the first half of 1958 compared to the previous six months. This situation was in marked contrast to the 1953-54 period when defense orders and expenditures were both declining sharply following the end of the Korean War. While such accelerated defense ordering did not connote an immediate expenditure increase of corresponding amount, the sharp increase in contract letting was destined for clearly expansionary effect. It may well have been one of the significant factors slowing down the net liquidation of inventories.

A fourth factor in the background of anti-recession policy was the operation of the so-called built-in stabilizers, such as unemployment insurance, which would help sustain incomes in the face of falling production and employment. Supplementing these were certain budgeted increases for compensation of Federal personnel as well as for certain going programs such as highway construction.

Selective, Not Panic Judgment

In the light of these background factors the Administration anti-recession program was designed as a selective one, fit for the situation as it appeared early this year. The President did not reach for the panic buttons. Rather he concentrated on increasing government demand where that could be done quickly by accelerating existing work on already authorized and needed programs and projects. Major among those efforts was early and continuing support for housing which gave the economy a real boost in the late spring and summer. In a period of eight months the rate of housing starts increased from a 10-year low to an all-time high. Early in March the President proposed to Congress a special temporary measure to help meet the needs of eligible unemployed workers who had exhausted their benefits under state programs. Readiness to take such further steps as were necessary and feasible was made clear by the President in his policy statements of February 12 and March 8 and on several other occasions. Steps that offered little chance of effective short-run assistance to the economy — such as setting up a huge emergency public works program — were resisted by the President.

The principal uncertainty related to an anti-recession tax cut. This possibility was eliminated by the President late in May as both unnecessary and undesirable, a decision which was joined in by the leadership of both parties in the Congress.

Failure to employ the tax cut device, either in lieu of other measures taken or in addition to them, has perhaps been the aspect of the recent experience most often discussed by economists and others. It should be recalled that there was quite a preponderance of professional economic opinion in favor of a tax cut as an anti-recession measure as late as May. As a matter of fact, I received a letter during that period from a distinguished and conscientious fiscal expert at one of our great universities stating that, if the Administration did not endorse a temporary tax cut, such a failure would be thought of a generation hence in the same category as President Hoover's failure to take the advice of a thousand economists to veto the Smoot-Hawley tariff legislation in 1930.

History may prove my correspondent right. I rather doubt it. The incident, however, is worthy of some retrospective comment.

Tax Policy in Retrospection

First, it should be clear that the question was never one of a general anti-recession tax cut or additional expenditure to alleviate hardship or to increase demand in the short run. Some \$2 billion of the \$5.3 billion increase in revised estimates of 1959 fiscal year expenditures over the January figures may be properly attributed to conscious anti-recession effort. More than half of that \$2 billion is accounted for by housing and most of the rest by supplemental unemployment benefits and a small expansion of public works and public assistance. It is my own judgment that only a small part of those added outlays at best would have been deterred by a tax cut. As it was, only the President's veto or opposition stopped some \$5.5 billion of additional future spending from being enacted into law in the name of anti-recession policy.

Second, motives for a tax reduction bill were so diverse as to foreshadow the gravest kind of difficulties in Congress, as many of its leaders repeatedly pointed out to the President and to the Secretary of the Treasury. It was painfully evident that, unlike the situation in this field of medicine, writing a tax prescription and getting it filled by Congress were quite different matters. In the face of the fact that the recession started from the highest level of personal income in history, adherents of the underconsumption theory of the business cycle urged personal income tax reductions in the lower and middle brackets as a cure. This made little sense to advocates of tax reduction to stimulate business investment, whose arguments, in turn, were puzzling to others concerned about excess industrial capacity. A widely held suspicion that consumers were "off" 1958 automobile styles led advocates of excise tax reduction on automobiles into difficulties when they sought to relate a tax cut to expansion in sales. In contrast to the situation in the 1953-54 recession when expiring tax legislation was roughly satisfactory in timing, kind and amount for anti-cyclical purposes, such was not the case in 1958. The result was that, compared to the relatively predictable course of having a tax cut by expiration of certain laws, positive legislation would have been required in 1958.

Third, professional economic opinion was clearly split on whether any tax reduction should be permanent or temporary. Despite the fact that distinguished individuals were in opposition, a majority appeared to favor a temporary cut, an idea so novel that it was not taken seriously in many influential quarters in Washington. Obvious, too, was the fact that, with the theory of incidence in such a confused state, professional opinion was not in a position to speak authoritatively on the likely consequences of tax action in the existing milieu.

Because of these and other background factors and because of a concern about future inflationary pressures growing out of a deficit enlarged by both some expenditure increase and some tax reduction, no anti-recession tax cut decision was taken.

In retrospect, I would certainly agree that the right kind of tax cut, in lieu of certain increased expenditures and designed to foster growth over the longer term, would have had a good deal of appeal. I doubt very much that it would have happened that way early last spring. Nor was just any tax cut so desperately needed as to be acceptable. Therefore, I think the tax decision as made by the President and the legislative leaders was a prudent one.

Favors Item Veto

I could only wish that the President had been equipped last spring and summer with such tools as the "item veto" so he might have averted some Congressional expenditure increases which were unnecessary for anti-recession reasons, increases which have lifted budget totals and which will limit budget flexibility in the future. This is one of the aspects of the recent experience we should examine further. There are others, particularly the need to make anti-recession devices as quick-acting and automatic as possible. I am impressed with the need to be flexible about other measures of a special character, to fit policy to the analysis of the outlook and the exogenous factors that will affect it in the near term. It is heartening to me, that already the discussion has largely turned from whether we will have a good recovery to whether we achieved it in the right way.

IV

A final general comment, among many I would like to submit, is this: **public policy urgently needs further basic analysis in several priority areas today.**

Consider, for example, the impact of our huge defense program upon the economy. Fundamentally the Federal government is "buying" defense today just like it is buying highways or paper clips. But the enterprise is so vast and intricate that we have by no means "absorbed" the impact in our peace-time economy. There is no doubt that it has been and continues to be an impulse center for inflation with so large a fraction of so large a Federal budget focussed on particular segments of our economic base. The existence of governmental powers to intervene in the economy in the interests of defense, and their use even today in some instances, indicates clearly that we have not yet fully adjusted our economic pack for the long haul ahead. The economics of defense in a cold-war world is a major frontier for research. Our defense requirement poses significant problems for the budget, the allocation of manpower and resources, industrial organization, education and training. It is a murky field of public policy that needs illumination from the kind of qualified people such as the professional economist.

Another area relates to the ancient and honorable matter of taxation. I recall the body of incidence theory which I was taught as an undergraduate and graduate student some twenty years ago. A tax on corporate net income, for example, stayed where it was levied and was not passed on to the consumer, according to the prevailing doctrine. The wholly unrealistic character of this conclusion has been revealed in recent years. So, too, with other aspects of the doctrine. But a new theory of the incidence of taxation has not been evolved as a handmaiden of public policy. In its absence Congressional tax debates are ideological Donnybrooks seemingly revolving around the simple question: Who's whose friend? Out of my recent experience I can testify to the urgent need for a great effort at understanding in this key section of public policy.

With a growing body of evidence pointing to the fact that in recent years we have been trying to overpay ourselves for what we produce—and thus inducing inflation—we sorely need more light on the wage-cost-price-profit sequence. I doubt that ever before in the history of economic debate has such a body of conclusion rested on so slender a base of sound analysis and fact as currently surrounds the wage-cost push to inflation and its associated issue of productivity gains. Wage theory itself seems only now to be attracting again the kind of academic interest it so badly needs. Until a broader body of analysis of this vital issue is available, we shall hear opposing views expressed as "contrapuntal refrains of affirmation and denial." The objective attitude which professionals can bring to this heated debate is badly needed. If the universities and research institutes cannot lead us as a nation, here, we shall be in a bad way indeed. It is too crucial an issue to be left only to those who are already emotionally committed and whom the neutral informed public may tend to discount.

Obstacles to Growth

Another problem which needs analytical synthesis is that concerned with removing obstacles to achieving a good rate of growth in the production of goods and services. By that I mean an average annual rate in the vicinity of 4%. This is a wide ranging subject and calls for a synthesis of thought in resource availability and use, finance, fiscal policy, credit, labor policy, industrial organization and practice, and commercial policy. We need a good rate of growth, but we need a rate that is sustainable. The burdens of the cold war require it and our incentive system needs it. Achieving this rate may require abandoning some of our past preoccupations with maximum stability at all costs. It may well mean some de-emphasis on anti-recession policy in order to make the economy more flexible and competitive.

An obvious sector where further analysis needs to come to the aid of public policy is in spurring the growth of underdeveloped lands. How can the tempo of development be speeded without sacrificing the freedom and vitality of a market economy? How can public assistance be genuinely effective? How can private investment, and the indispensable "know-how" that accompanies it, be better mobilized? These are practical issues with which public officials are struggling. They need all the analytical help they can get.

Finally, in this illustrative series of points at which more analysis is required to form public policy, I cite the urgent need of improved procedures of budget control. It may not be improper to say that the annual receipts and expenditure budgets are nearly obsolete and meaningless in view of the growing impact which national economic phenomena can exert on them, and because of the virtually uncontrollable character of expenditures once certain programs are launched. Moreover, the piecemeal method of legislating appropriations and the take-it-or-leave-it character of the President's alternatives with respect to money bills, without an item veto — makes a sensible procedure today almost out of reach. Budgets are too big and their built-in expansion factors too significant to continue on the present basis. There is a welcome waiting for the fashioner of new tools to bring this process abreast of the needs of the times.

Much has been done but much more remains to be done by the professional in these sectors of public policy. His contribution will grow in step with his success in developing information, winning respect for its values, making facts and analysis available in such form as to aid decision-making, and securing assent for the utilization of such facts and analysis as the basis for decision. This is a mission fit for the sword and stature of any company of educated men. It is one to whose fulfillment we must dedicate our energy, our minds, and our wills.

W. H. Miller Assists Legal Aid Society

William H. Miller, Senior Vice-President of the Hanover Bank has been appointed Chairman of the Commercial Banks Division of The Legal Aid Society's 1959 Campaign, according to an announcement made by Chauncey B. Garver, General Chairman of the fund raising effort. Mr. Miller is a Director of the Transcontinental Insurance Company of Hartford, and a member of the Union League Club, Hartford Club and the Economic Club. He has successfully aided The Legal Aid Society in its drive for funds before, and is a member of its Board.

The Legal Aid Society, founded in 1876, provides legal services to New Yorkers unable to pay a lawyer. In 1958 it handled the legal problems of over 75,000 clients in both civil and criminal matters. An even larger case load is anticipated in the year of 1959 for which the goal is $576,000.

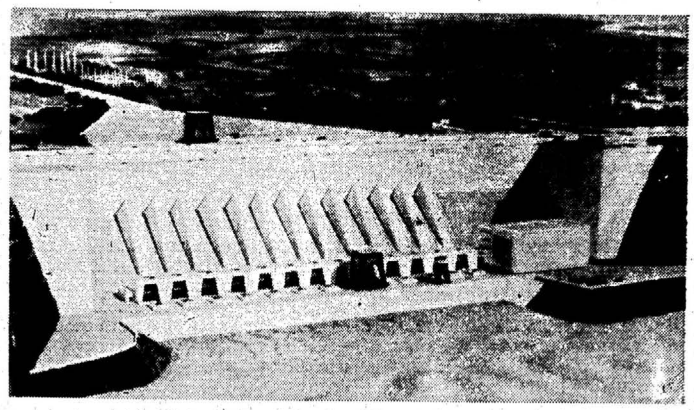
F. L. Putnam Branch

AUGUSTA, Me.—F. L. Putnam & Company, Inc. has opened a branch office at 154 State Street under the management of Howard Millett. Mr. Millet was formerly an officer of Nathan C. Fay & Co.

James H. Schwabacher

James H. Schwabacher, partner in Schwabacher & Co., passed away Dec. 21.

$200 Million N. Y. State Power Bonds Marketed



NIAGARA GENERATING PLANT. Above is artist's conception of the completed Niagara Generating Plant as seen from the Canadian side of the gorge, slightly downstream.

A nationwide syndicate of about 358 investment banking firms, managed by Dillon, Read & Co. Inc., Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co., and W. H. Morton & Co., Incorporated, offered for sale on Jan. 6 an issue of $200,000,000 Power Authority of the State of New York, general revenue bonds, series E.

The issue consists of $168,000,000 of 4.20% term bonds, due Jan. 1, 2006, which are priced at 100%; and $32,000,000 of 3.75% serial bonds, maturing on each Jan. 1 from 1965 to 1977, which are priced to yield 3.20% to 3.90% to 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 $720,000,000 required to complete the Power Authority's Niagara Project now under construction. The Niagara Project will be physically interconnected with the Authority's $335,000,000 Saint Lawrence Project, and the two together, when completed, will form one of the largest hydro-electric developments in the world. The Saint Lawrence Project is nearing completion, and the Niagara Project is scheduled for completion by June 30, 1963.

The net proceeds to the Authority from the present financing will be used to pay $100,000,000 of bond anticipation notes (being all of such notes now outstanding) and to pay part of the cost of construction of the Niagara Project, including payment into the Temporary Interest Fund of $41,280,000, representing interest on the series E bonds through Dec. 31, 1963. On Dec. 31, 1958, the Authority had unexpended funds of approximately $18,000,000 from the sale of such notes available for the cost of construction.

The bonds are subject to redemption, as a whole or in part, at any time on or after Jan. 1, 1970, as set forth in the Authority's official statement.

The present trustees of the Authority are: Robert Moses, Chairman; William Wilson, Vice-Chairman, and Charles Poletti, A. Thorne Hills and Finla G. Crawford. William S. Chapin is General Manager, Chief Engineer and Secretary of the Authority.

The bonds are tax exempt as to interest from Federal income taxes and New York State income tax, and are legal investments under New York law for insurance companies, banks and trust companies, savings banks and certain trust funds, in the opinion of bond counsel.

Among those associated with Dillon, Read & Co. Inc., Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co. and W. H. Morton & Co., Incorporated in the offering are:

Morgan Stanley & Co.; Blyth & Co., Inc.; Drexel & Co.; Eastman, Dillon, Union Securities & Co.; The First Boston Corp.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Harriman Ripley & Co. Inc.; Kidder, Peabody & Co.;

Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith; R. W. Pressprich & Co.; Smith, Barney & Co.; Stone & Webster Securities Corporation; B. J. Van Ingen & Co. Inc.; and White, Weld & Co.

John P. Chase, Inc. Official Changes

BOSTON, Mass. — John P. Chase, Inc., Boston investment firm, announces important changes in executive positions. Founder of the firm, John P. Chase, has been named Chairman of the Board of Directors and continues as the company's Principal Executive Officer. William J. Kirk, a co-founder, has been elected President of the corporation; Francis Blake, Executive Vice-President; Charles B. Balch and George C. Lee, Senior Vice-Presidents. These five officers comprise the Board of Directors of the corporation. Henry T. Dunker continues as a Vice-President and director of research; William J. Anderson, Jr., continues as a Vice-President, and Warren A. Dodge and Kenneth A. Henderson, formerly acocunt managers, have been elected Vice-Presidents.

John P. Chase, Inc., manages individual and mutual fund investment accounts which include Shareholders Trust of Boston, The Chase Fund of Boston, and Unified Funds, Inc. It recently opened an office in Geneva, Switzerland, to provide direct service to its foreign clients and to establish an intercontinental information liaison concernng economic developments both here and abroad.

Commodity Exchange, Inc. Elects Four New Members

Commodity Exchange, Inc., New York, has announced the election to full trading privileges on the Exchange of Alfred J. Coyle, general partner of Hayden, Stone & Co.; Theodore L. Diamond, president of T. L. Diamond & Co., Inc., metal traders; Thomas L. Kempner, general partner of Carl M. Loeb, Rhoades & Co., and Heinrich Meyer, president of Ayrton Metal & Ore Corp., exporters and importers of metals.

The Exchange recently observed the 25th anniversary of its founding as a market place for futures trading in copper, lead, tin, zinc, rubber, burlap and hides.

R. L. Crozier Opens

LAKE CHARLES, La. — R. L. Crozier & Company has been formed with offices at 1914 18th Street, to engage in a securities business.

Levy Branch in Chicago

CHICAGO, Ill.—Robert J. Levy & Co. has opened a branch office in the First National Bank Bldg.

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The 1959 Economic and Investment Outlook

the likelihood of severe international tensions, an increasing number of strikes, a continuation of the outflow of gold and possibly a further deterioration in the export-import balance.

There is every indication that the nation's Gross National Product will establish a new high by a wide margin in 1959. As against a figure of $440.3 billion for 1957 and an estimated total of approximately $437 billion for 1958, the total for this year should amount to at least $460 billion and possibly considerably more.

Notwithstanding the business recession, disposable personal income amounted to roughly $311.5 billion in 1958 as contrasted with $305.1 billion in the preceding year. A new high of $325 billion or more should be reached in 1959. Similarly, total consumer spending should reach at least $305 billion compared with about $291 billion in 1958 and $284.4 billion in 1957. One of the notable characteristics of the economy in the postwar era has been the high level of consumer spending which continued despite setbacks in the economy. Indeed, disposable personal income has reached a new high in every year since 1938.

Industrial Recovery

The Federal Reserve Board combined index of industrial production, seasonally adjusted, declined from 145 in August, 1957 to the recession low of 126 last April and has since increased every month. The average for the year will doubtless be 134 compared with 143 in 1957. We anticipate that for 1959 the index will be at least 147 and probably higher.

The major industries are expected to record considerable improvement in 1959 as compared with 1958. We believe that steel output in 1959 will amount to at least 105 million tons as compared with about 85 million tons a year earlier. Aluminum production should rise to 1,850,000 tons as contrasted to 1,560,000 tons in 1958. Roughly comparable increases are anticipated for copper, lead and zinc.

Considerable improvement is expected for the automobile industry which experienced a highly disappointing year in 1958. Shipments of passenger cars are estimated at 5,500,000 units compared with 4,300,000 cars in 1958. With probable automobile production up 20-25% over 1958, this industry will make an important contribution to the improved economy.

In the petroleum industry domestic demand in 1959 should increase from 4% to 4½% over 1958. This compares with an estimated 2% increase in 1958 which was more than offset by a sharp decline in exports. Total demand —domestic plus exports — should increase about 4% in 1959 compared with a decline of about 1.3% now expected for 1958. The rate of new supply-domestic production plus imports — should show about a 6% increment over 1958. Demand in the free world excluding the United States is expected to record an average annual increase through 1965 of about 7%, a rate approximately double that of the U. S. Capital expenditures of the petroleum industry planned for 1959 total $5,442 million, up 6.0% over the estimated 1958 expenditures of $5,158 million but still down from $5,797 million in 1957.

It is expected that total expenditures for new construction will reach a new high in excess of $50 billion next year. Construction outlays in 1958 aggregated about $48.8 billion, a record to date. New housing starts should total about 1,200,000 units compared with 1,160,00 in 1958. Highway expenditures should approximate $6.8 billion, an increase of about $1 billion or 17% over 1958. Increased spending for schools, public and private utilities, military facilities, hospitals and public works is to be expected. However, expenditures for commercial buildings are likely to be below the 1958 levels while industrial construction, because of the nation's excess productive capacity, will show little improvement.

Volume output of chemicals and plastics in 1958 should be 7-8% greater than in 1958. Inventories in chemicals-plastics are not currently regarded as excessive so increased demand should be reflected in an immediate boost in production. While 1959 should be a record year for the industry from the standpoint of production, it is doubtful that record profits will be realized although earnings should be considerably better than in 1958.

Inventory Accumulation

The foregoing sketchy outline of the outlook for some of the major industries in 1959 is in general applicable to other manufacturing industries. The vigorous program of inventory retrenchment initiated by industry generally late in 1957 has been virtually completed. Production and consumption are now essentially in balance. With consumer spending on a high and rising scale, the presumption is that the next several months will witness a period of inventory accumulation on the part of manufacturers, wholesalers and retailers. As against an over-all inventory liquidation of some $5 billion in 1958, inventory accumulation might well aggregate $2.5 billion in 1959.

Consumer prices are likely to increase moderately during the year. Although the Department of Agriculture predicts that food prices are expected to fall early in 1959, wage increases as the year progresses will probably result in higher prices for some commodities and upward readjustments in the cost of living index.

Disturbing Outlook Factors

While the business outlook for 1959 is generally favorable there are certain factors which are somewhat disturbing. Most important perhaps is the inflation psychology which seems to have crept into the thinking of individuals in all walks of life. People wonder when and how the wage-price spiral will end. They see that price inflation, caused by steadily rising production costs, is creating consumer reluctance to buy various items of merchandise. They also see a growing number of foreign products which can be bought for less money than the American counterpart. Price inflation is resulting in lost markets at home as well as abroad. Our export markets are suffering accordingly.

Then there is concern about another sort of inflation. This stems essentially from failure of the Federal Government to balance the budget for the 1959 fiscal year by the estimated staggering amount of some $12 billion. Although the President is asking for a balanced budget of $77 billion for fiscal 1960, it would be surprising indeed if such an objective were realized. Moreover, many close followers of the economy are doubtful that a balanced Federal budget will be realized for many years to come.

Concern among foreign nations over the stability of our dollar because of our budget difficulties has accounted in part for the decline in our gold stock of some $2.2 billion since February 1958. Whereas formerly American dollars were fully as acceptable as gold—they were usually preferred because of convenience—our dollars have become less acceptable because of apprehension regarding their future buying power. A continuation of gold exports for this reason in 1959 seems likely. However, with some $20.6 billion gold—more than one-half the free world's monetary gold stock—and some $8 billion in excess of statutory requirements, there is still ample margin of safety in our currency backing. Nevertheless, continuation of gold outflow at the 1958 rate of close to 10% of our total monetary stock would be cause for considerable concern.

Labor Demands

Labor demands usually vary in direct ratio with the state of the economy. Such demands tend to increase when business is improving and to decline when business is receding. Since the bottom of the recession in April, employment has been increasing and unemployment decreasing. This trend should continue in 1959 and along with it labor may be expected to become more aggressive. The steel industry's three-year contract expires at mid-year. Whether or not a major steel strike develops, important wage gains appear probable with the likelihood of higher steel prices. But to what extent the steel companies might be obliged to absorb increased wage costs would be dependent upon competitive conditions at the time. In any event, the steel settlement will create a target for other unions to shoot at.

Notwithstanding the fact that most common stock averages are at all-time levels, more than 30% of the common stocks on the New York Stock Exchange are currently selling below their 1956-57 highs.

In certain respects the action of the stock market in recent months suggests that the end of the upward movement is close at hand. The calibre of the most active stocks is lower than customarily found in the earlier stages of a bull market. Additionally, the new highs that have been recorded recently are, with some notable exceptions, second or third grade stocks. Historically, a danger point has been reached when the yield from bonds exceeds that from stocks. Price-earnings ratios of most popular common stock averages are also at historically high levels—in the vicinity of 20 to 1.

Judging by past benchmarks, therefore, it is clear that careful selection of great importance in choosing common stocks for market appreciation. Irrespective of market levels sound common stock values are always available to those able to recognize them. But while so many stocks appear to be very high in price based on past measurements, public participation in the market is now so widespread and so generally enthusiastic as to suggest the possibility of considerably higher prices before a readjustment takes place.

Government Bond Prices

In contrast to the high level of stocks prices, long-term U. S. Government bonds are selling at substantially the lowest price for 25 years. The unpopularity of such securities reflects fear on the part of institutional and private investors regarding the stability of the dollar. Sometime during 1959 or 1960 long term U. S. Governments should regain much of their lost popularity.

We are living in a rapidly changing world. On the home front we continue to drift toward the left. We don't seem to care too much if our national budget is not balanced as long as we are able to enjoy a suitable standard of living and our taxes are not increased. The nation faces an ultimate potential danger in the vast power of the giant labor unions. And even with the smaller unions there is a great void in management-labor relationships when a union of a few hundred members has the power to close down publication of nine newspapers in New York City to the great inconvenience and annoyance of many millions of readers.

The Foreign Scene

On the foreign scene we must continue to live under the threat of a major war — probably for years to come. Political relations with the Soviet Union will doubtless continue the pattern of great tension at times, followed by periods of relaxation. It is not now possible to be certain how the controversy over Berlin will be settled. But we do not believe that it will lead to all-out war.

Developments in the Middle East during 1959 are unpredictable. At the moment the trend in Iraq is strongly Communistic, while there are some indications that Nasser may be interested in improving his relations with the West. Middle Eastern nations may well follow Venezuela's lead in demanding 60% or more of oil profits involved in dealings with foreign interests. The 50-50 split that has prevailed for some years presumably is doomed.

The inauguration of the European common market will have both favorable and adverse effects on American business. While some of our export markets will be lost, there will be offsetting influences created by the expansion of American productive facilities in the common market countries. The recent moves by most European nations to facilitate convertibility of their currency into pounds sterling and American dollars should definitely be of aid in promoting increased world trade. The effects of these various moves will perhaps not be of great significance in 1959 and, on a longer term basis, much will depend upon the ability of American industry to produce merchandise that other nations want, at prices they are willing to pay.

No generation is ever free of what appear to be major problems. In this supersonic, space age it may seem to many that the limits of inventive genius have about been reached. But the probabilities are that our grandchildren will wonder how we ever got along with the slow transportation and outmoded equipment and facilities of 1958. In the years to come the standard of living of people throughout the world will reach heights quite beyond the vision of most of us today.

In conclusion, 1959 promises to be a year of continued recovery which could reach boom proportions under the stimulus of further broadening of inflation psychology. There is, however, a danger that this inflation psychology will be carried to extremes insofar as prices for common stocks are concerned. Should the market advance significantly from existing levels, the possibility of a sharp reaction subsequently must be taken into consideration. Such a development could have an adverse effect on confidence, and business could be influenced accordingly.

Should stock prices continue to advance in line with their performance in recent weeks, sound investment procedure would call for relative value switches and the building up of reserve buying power.

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Alaska Beckons: "Go North Young Man, Go North"

due to Japan's loss of the resources of Manchuria and Sakhalin Island and it could increase very greatly. Other prospective foreign markets for the products named above are Australia and countries on the West Coast of South America. We also view China as a future large consumer of Alaska products, if and when that country's political affairs are cleared up and economic conditions become stabilized.

Businessmen in Continental United States can look to a growing Alaska as an expanding market for the hundreds of products that go into the installation and operation of mining and mineral processing plants, hydro-electric systems and the industries that cheap power will attract, and into added transportation facilities including railroads, highways and ocean and river cargo carriers. We can add to the list many of the facilities and supplies needed to shelter, clothe, and feed the new people attracted to this region by the above enterprises.

The value of such Alaska activities to United States suppliers has been demonstrated by the vast quantities of high grade materials that were shipped north in connection with the installation of the pulp mills recently established at Ketchikan and Sitka, Alaska, at a cost of $60 million and $53 million, respectively.

Can Develop With Help

The whole North Country, as Alaska and the extreme northwest portion of Canada are known on the Pacific Coast, is now awakening. Any lingering belief that it is a land of perpetual snow and ice good only for Eskimos and fur trappers is being rapidly dispelled by the speed with which the frontier there is being rolled back. This is true especially of the Canadian section of the region. Areas there which not long ago were thought of as too forbidding for civilized settlement now have fast growing cities and towns, a constantly extending mileage of railroads and highways into new resource localities and the spread of farming and stock raising to help supply the local demands for food. Inventions and discoveries of recent years permit of satisfactory adjustments to working and living conditions in the far north. In fact people there live in much the same fashion as in our northern tier of states. The old legendary North Country is shrinking fast under the increasing demands for its resources by the growing populations and constantly improving standards of living over broad areas of the world. Alaska has lagged behind its Canadian neighbors in rate of growth. Our portion of the North Country has not had the push for development back of it that the Federal and Provincial Governments of Canada have exerted on their side of the line. With Statehood we can look for a far greater public effort toward Alaska development. This drive will be spearheaded by the new State Government.

Ninety-nine per cent of the area of Alaska is now owned by the Federal Government—most of it, open public domain. During the last few years the government has been doing a fair job of trying to bring the resources of this great land area into use. However, Alaskans are eagerly awaiting the opportunity to get into the promotion of development activities that is afforded them through provisions of the Statehood Enabling Act. The Act authorizes the new State to select as a free grant 103,400,000 acres of public land in sizable tracts over a period of 25 years. The grant has few strings attached and none of these are very restrictive. The granted area will cover more than one-fourth of Alaska and is larger than the State of California. In addition, the State comes into control of the tide flats and submerged lands to the three-mile limit to seaward along Alaska's 25,000 miles of shoreline of mainland and islands. This amounts to an additional 45,000,000 acres or more of presently and prospectively valuable holdings.

Congress cut the apron strings that Alaskans have been complaining of for the past 40 years and said in effect, "Here is your opportunity — let's see what you can do to encourage development and get in step with your Canadian friends across the line." By careful selection the State may be able to acquire most of the land in Alaska that is likely to have development values in the next 50 years. Is it any wonder that Alaskans are thrilled over the prospects now open to them?

Should Do a Better Job

With their more direct interest and their greater on-the-ground knowledge of conditions Alaskans should be able to do a far better job of resource development than the more remote Federal agencies. On its huge land grant the State will be concerned with such important things as the leasing of oil and gas lands, granting of mining claims, licensing hydro-electric sites, sales of lands for homesteads and cattle ranches, laying out of townsites, granting of commercial fishing permits in coastal waters, blocking up of large areas to be held intact as wilderness lands for the management of game herds as attractions for big game hunters, and the establishment of State parks in highly scenic areas to stimulate the tourist trade.

But, the first job facing our new State is to establish a broad program of exploration, inventory and evaluation of the natural resources available on land to be included in its land grant areas. It takes time and money to do a satisfactory job of this kind in a State which covers 586,000 square miles. Alaskans are especially optimistic about the possibilities of the following resources as early contributors to the growth of the new State.

The heavy Pacific Coast type of forest along 800 miles of the south coast constitute a readily accessible source of timber for pulp mills, sawmills and other wood using industries. Its estimated 100 billion board feet of virgin timber can support not only the two large pulp mills recently established in the region but a number of additional pulp or newsprint mills and associated sawmills and plywood plants. Sustained yield forest management will insure the permanency of these timber using industries.

The commercial fisheries, now largely confined to halibut and salmon, have long supported a large industry whose output in 1957 amounted to a value of over $75 million. The industry can be greatly extended to include more varieties of fish. With the growing attention being given to the seas as a source of protein food our rich fishing grounds should become increasingly valuable.

Gold and Alaska have been almost synonymous words since the great north country gold rushes at the turn of the century. But gold mining has been a depressed industry in Alaska in recent years due to the $35 per ounce fixed price of the product. However, this metal is still widely distributed throughout Alaska and we hope that somehow in the near future it will again become valuable to the producer. The gold output in 1957 amounted to only $7,000,000.

The promotion of mining for other minerals than gold will be heavily stressed in early State development plans. Minerals of most outstanding promise are iron ore, copper, nickel, mercury, tin and such nonmetallics as coking coal and chemical grade limestone.

Power Potential

The power potentials of the large far northern rivers are finally being given consideration. The huge $500 million power and aluminum installation at Kitimat on the coast of British Columbia just south of the Alaska line, has led engineers to look northward. Some Alaska rivers, especially the Yukon, one of the largest rivers of the Continent, have multi-million kilowatt power potentials for the processing of local minerals or imported aluminum ores.

When scenery anywhere is mentioned some unabridged boasting can be expected to come from any Alaskans within hearing distance. Years ago John Muir summed it up nicely. He said: "Alaska is to become the showplace of the earth with its abundance and magnificence of mountains, active volcanoes, fjords and glaciers." However, not everyone is similarly impressed by it. A Texan with oil leases in Alaska recently said he couldn't see any scenery there because of the damned mountains.

Scenery along with game animals such as Kodiak and grizzly bears, moose, mountain sheep, goats and caribou are attractions that with adequate facilities to care for visitors will greatly stimulate Alaska's recreation business.

The thriving Matanuska Valley farming area near Anchorage demonstrates the possibilities for far northern agriculture to supply local needs.

Petroleum is the resource above all others which may smooth the way to meet the economic problems which the State is certain to encounter during its formative years. Additionally, an Alaskan oil supply of large proportions could be beneficial to the whole of America. It would lessen our dependence on the troubled Middle East for that vital commodity.

Oil exploration and production can do for Alaska what gold did for California when the latter came into the Union as a State in the middle of the last century.

Oil geologists tell us that as much as 100 million acres, over one-fourth of the entire land area, have geological formations favorable for oil.

The Federal agency which grants the leases for oil exploration on government lands states that presently some 33 million acres are under lease or have been applied for as oil lands. Sixteen companies are now actively engaged in large scale oil exploration there.

Compares Favorably With Scandinavia

A study of the economy of Norway and Sweden leads to the conclusion that Alaska in the same high latitude has equally good potentials for supporting an equally large population on at least a comparable standard of living. In fact, our resources appear to be more abundant than those of Scandinavia. While it is unlikely that Alaska could reach such a position for many years progress might be expedited by a broad opening to Alaska of Oriental markets with their hundreds of millions of prospective customers.

Transportation Is the Key

"Transportation is the key to development" is an axiom in frontier countries everywhere. In our case we presently suffer most from cargo rates to and from Pacific Northwest ports which are too high to stimulate general development. They restrict local production to a few high-priced commodities that can pay the freight. Seasonal and unbalanced freight offerings — north in the spring and south in the fall—are chiefly responsible for this condition. The year-long industries we are seeking and a proposed extension of ocean barging to replace to a large extent the use of vessels of conventional type will improve the situation. Our Alaska pulp mills now use barge service very effectively. All ports on the south coast of Alaska are ice free at all seasons due to the warming effect of the Japan Current which reaches these shores. The Inside Passage from Puget Sound to Skagway offers an excellent protected waterway for coastwise shipping to Southeastern Alaska.

The Alaska Railroad and a network of highways leading from rail points and tidewater ports constitute the internal land transportation system. The only road connection with continental United States is by the much publicized Alaska Highway, 1,500 miles in length (gravelled in Canada, blacktopped in Alaska) which joins the Canadian road system 400 miles west of Edmonton, Alberta. More roads leading to inaccessible areas of workable resources and additional highway connections through Canada to the cities of Puget Sound will be leading features of Alaska development plans. The Alaska International Rail and Highway Commission has been established by Congress to study these matters.

The airplane has, of course, revolutionized the transportation of persons and mail to and within the North Country but roads and railroads are still essential to industrial development.

Alaska has long been conspicuous for high wages and high living costs due in large part to the prevailing seasonal employment. They will come down when more year-round jobs become available.

Taxes in Alsaka are also high. The local per capita tax in 1957 totaled $91.42 as compared to an average of $72.80 for the 48 states. Increased population and industry should bring some relief in local taxation. Federal taxes have, of course, applied in the Territory of Alaska as in all other parts of the United States.

Development Planning

Alaskans were jubilant over the grant of Statehood but the shouting is rapidly giving way to the sobering problems ahead. The **Covered Wagon** method of settlement that was followed in the development of the western states, and which usually involved a generation or two of great privation and often sheer poverty, cannot be revived to populate Alaska. In this age families need not and will not endure such conditions and Alaskans would not want the type that would be satisfied to do so.

A new approach to settlement from that of our forefathers is required. As most Alaskans see the problem it calls for a well thought out and realistic program of resource planning both for the immediate future and the long pull. An interesting thought in connection with this planning project is this. Doubtless never again, under the American flag, will there be another opportunity such as Alaska presents to obtain an all-round and orderly regional development of a veritable empire; and the work can start **practically** from scratch.

The qualifying word **practically** is inserted above as it must be understood that Alaska's four small to medium sized cities (Ketchikan, Juneau, Anchorage and Fairbanks, ranging from 10,000 to 50,000 population) plus a score of small towns are as modern as cities and towns of similar size anywhere in continental United States. They have all of the usual public facilities and services including, especially, good schools, and the people are fully as prosperous and have homes that are equally as comfortable. Also the ratio of automobiles to population is about as high and parking space in the cities is just as scarce. But the casual visitor, seeing these communities, is apt to be unaware that they would represent only a few pin points in a virgin country that if superimposed on continental United States would extend from Georgia to the vicinity of Southern California.

The new state government will be urged and doubtless will provide the necessary laws, agencies, and administrative personnel to insure common-sense planning for growth by experienced, realistic resource management men. The planners must be realistic but also be men of vision. They must be able to see mining operations, industries, hydro-electric systems, fields of grain, mountain grazing lands, tourist resorts and hunting lodges, community centers, towns and cities, a coordinated network of highways, railroads, and river steamer routes; all of these where there exists today only a seemingly endless expanse of virgin country. It presents a wonderful challenge to persons who desire to participate intensively in the building of a community, a region or a large new state.

In our building process we certainly can avoid the mistakes in resource development that were made in the formative years of some western states in their desire to get ahead rapidly — mistakes that showed up in time and in many instances are still troublesome—50 to 75 years later.

Safeguard Against Boom and Bust

We want our new state government to set up safeguards against a **Boom and Bust** type of development. The present great interest in everything Alaskan is almost certain to attract unscrupulous promoters. These people will look longingly at the 103,000,000 acres of state grant lands. They will be aware that the new state government during its formative years is likely to be short of funds and that under such circumstances potentially valuable state land might be sold to them for a song. Proposed bona fide developments which fit into a program that will bring lasting public benefits are sure to be given a welcoming hand by Alaska officials. Already available is a Territorial Resource Development Board to collect and supply pertinent information to prospective investors; also there are Territorial laws which offer special tax adjustments for specified periods as inducements for new types of industry.

The North Country is no longer a land for men only nor does it specialize in characters like "Dan McGrew and the Lady That's Known as Lu." Family life, homes and gardens, churches and schools are the order today. The three-to-one ratio of men to women has leveled off and bunkhouses, saloons, poolrooms and gaudy dance halls are no longer the principal features of the landscape.

Alaska residents largely represent a cross section of the people of the entire United States and we hope it will continue to have a typical American citizenry as its population grows by migration. Presently persons under 45 years of age predominate which seems fitting in a pioneer country under process of development.

In conclusion it must be stated emphatically that Alaska is not, contrary to many newspaper and popular magazine articles, a vast storehouse of readily tapped wealth. It is a land of opportunity, but only for the hardy and the persevering, for men with the pioneering spirit. For such as these, Alaskans can agree to the suggestion for changing the famous dictum of Horace Greeley to **"Go North Young Man, Go North."**

Hanns E. Kuehner With Laird, Bissell & Meeds

Hanns E. Kuehner has become associated with Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York

Hanns E. Kuehner

Stock Exchange as economist and registered representative. Mr. Kuehner was formerly in the research department of Gregory & Sons and McManus & Walker and prior thereto was a partner for many years in Joyce, Keuhner & Co.

Group Offers C. I. T. Financial Debentures

Public offering of $75,000,000 C. I. T. Financial Corp. 4⅝% debentures, due Jan. 1, 1979 is being made today (Jan. 8) by a nationwide underwriting group headed by Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers. The debentures are priced at 99%, to yield 4.70% to maturity.

Proceeds from the sale will be used to furnish additional working funds for the corporation and its subsidiaries to be used in the ordinary course of business to reduce short-term borrowings incurred for the purpose of purchasing receivables.

The debentures are not subject to redemption prior to Jan. 1, 1964. Thereafter, the debentures are redeemable at prices scaling downward from 102% to 100% on and after Jan. 1, 1974.

C. I. T. Financial Corp. and its wholly-owned subsidiaries are engaged principally in specialized forms of installment financing, certain related insurance operations and in textile and other factoring. The company and its subsidiaries form one of the largest installment sales financing organizations in the United States and Canada.

Through two other wholly-owned subsidiaries, C. I. T. also is engaged in the life, accident, and health insurance business on a nationwide basis. One of these subsidiaries is Patriot Life Insurance Co., which was organized in 1953. The other, North American Accident Insurance Co., was acquired in September 1958. Its total assets approximate $40,000,000.

In August 1958, C. I. T. Financial Corp. acquired ownership of Picker X-Ray Corporation and affiliates, which are engaged in the manufacture and distribution of equipment and supplies for medical and industrial X-ray and isotopic applications. Total assets of this organization approximate $22,500,000.

Phila. Inv. Women

PHILADELPHIA, Pa. — The Investment Women's Club of Philadelphia will hold its annual "Boss Night" Dinner Jan. 19. Guest speaker will be William D. Mewhort, Executive Vice-President of Revlon, Inc.

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News About Banks and Bankers

Presidents of **Empire Trust Company, New York,** it was announced on Jan. 7 by Henry C. Brunie, President.

Mr. Winter, who has been with Empire Trust since 1923, will continue in the banking department.

Mr. Morgan has been with the bank since 1955. He is with the bank's finance division.

* * *

The Board of Trustees of **Dry Dock Savings Bank, New York** has just announced the election of Harry F. Andrews as Vice-President, effective immediately. In his new capacity, Mr. Andrews will have responsibility for banking floor operations in all five branches of the bank.

Mr. Andrews, who had been an Assistant Vice-President since 1949, served also as manager of Dry Dock's new Seventh Avenue branch from its opening in December, 1957, until now. He had previously been in charge of operations in the bank's Second Avenue, Delancey Street and Avenue C offices on the lower East Side.

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THE FIRST NATIONAL CITY BANK OF NEW YORK

	Dec. 31, '58 $	Sept. 30, '58 $
Total resources	7,926,482,441	7,686,322,604
Deposits	7,009,693,334	6,613,863,431
Cash and due from banks	1,767,601,412	1,698,659,745
U. S. Govt. security holdgs.	1,511,901,738	1,559,388,390
Loans & discts.	3,836,340,391	3,639,150,411
Undiv. profits	93,179,266	88,837,494

* * *

CITY BANK FARMERS TRUST CO., NEW YORK

	Dec. 31,'58 $	Sept. 30,'58 $
Total resources	161,661,402	160,843,335
Deposits	118,117,786	118,407,726
Cash and due from banks	45,698,850	38,134,678
U. S. Govt. security holdings	76,101,396	83,320,473
Loans & discounts	2,772,043	2,993,278
Undivided profits	14,595,373	14,065,995

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GUARANTY TRUST COMPANY OF N. Y.

	Dec. 31, '58 $	Sept. 30, '58 $
Total resources	3,174,581,735	3,013,934,008
Deposits	2,638,018,353	2,453,287,643
Cash and due from banks	701,681,840	641,466,139
U. S. Govt. security holdgs.	568,778,718	538,456,188
Loans & discts.	1,664,878,218	1,544,274,041
Undiv. profits	98,876,623	101,358,657

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THE HANOVER BANK, NEW YORK

	Dec. 31, '58 $	Dec. 31, '57 $
Total resources	1,957,711,956	1,797,993,393
Deposits	1,713,003,349	1,575,338,468
Cash and due from banks	493,034,368	500,164,802
U. S. Govt. security holdgs.	433,806,691	262,538,456
Loans & discts.	898,459,705	914,895,406
Undiv. profits	32,014,721	27,507,257

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THE NEW YORK TRUST CO., NEW YORK

	Dec. 31, '58 $	Sept. 30, '58 $
Total resources	1,001,086,409	852,675,854
Deposits	891,732,353	740,844,511
Cash and due from banks	354,909,179	205,510,893
U. S. Govt. security holdgs.	198,850,744	183,967,922
Loans & discts.	375,045,181	382,620,610
Undiv. profits	14,849,211	14,212,464

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THE MARINE MIDLAND TRUST CO. NEW YORK

	Dec. 31,'58 $	Sept. 30,'58 $
Total resources	661,517,481	611,662,689
Deposits	584,406,945	533,424,605
Cash and due from banks	196,868,977	169,571,383
U. S. Govt. security holdings	125,459,391	125,737,573
Loans & discounts	294,911,891	268,856,216
Undivided profits	12,722,525	12,424,686

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BROWN BROTHERS HARRIMAN & CO. NEW YORK

	Dec. 31,'58 $	Sept. 24,'58 $
Total resources	259,432,408	231,265,631
Deposits	226,590,876	185,447,525
Cash and due from banks	63,070,969	32,990,570
U. S. Govt. security holdings	56,388,999	37,423,395
Loans & discounts	67,348,464	59,045,912
Capital and surplus	14,725,284	16,542,458

GRACE NATIONAL BANK OF NEW YORK

	Dec. 31,'58 $	Sept. 30,'58 $
Total resources	223,034,133	208,358,084
Deposits	198,835,989	185,062,792
Cash and due from banks	64,402,331	50,769,756
U. S. Govt. security holdings	48,706,546	48,742,276
Loans & discounts	86,956,469	85,289,395
Undivided profits	2,567,057	2,354,724

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THE STERLING NATIONAL BANK & TRUST COMPANY, NEW YORK

	Dec. 31,'58 $	Sept. 30,'58 $
Total resources	159,130,351	155,215,371
Deposits	143,765,030	139,870,640
Cash and due from banks	35,294,445	30,920,932
U. S. Govt. security holdings	43,286,041	39,377,719
Loans & discounts	77,351,667	81,134,504
Undivided profits	1,766,088	1,733,859

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THE CHASE MANHATTAN BANK, N. Y.

	Dec. 31, '58 $	Sept. 30, '58 $
Total resources	8,329,981,739	7,836,598,095
Deposits	7,386,096,807	6,874,519,196
Cash and due from banks	2,100,874,863	1,760,474,493
U. S. Govt. security holdgs.	1,505,876,335	1,524,645,491
Loans & discts.	3,807,259,870	3,552,711,759
Undivid. profits	67,783,465	111,408,619

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J. HENRY SCHRODER BANKING CORP. NEW YORK

	Dec. 31,'58 $	June 30,'58 $
Total resources	121,200,971	136,795,394
Deposits	84,696,048	92,142,410
Cash and due from banks	14,005,184	18,689,956
U. S. Govt. security holdings	44,872,178	47,659,934
Loans & discounts	33,075,850	30,397,246
Surplus and undivided profits	6,001,021	5,700,000

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SCHRODER TRUST CO., NEW YORK

	Dec. 31,'58	June 30,'58
Total resources	$97,686,043	$89,088,277
Deposits	88,806,909	81,468,468
Cash and due from banks	16,212,461	13,434,461
U. S. Govt. security holdings	47,682,178	48,083,694
Loans & discounts	26,725,378	20,434,527
Surplus and undivided profits	2,900,775	2,800,000

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THE CLINTON TRUST COMPANY, N. Y.

	Dec. 31,'58	Sept. 30,'58
Total resources	$43,614,130	$42,646,632
Deposits	40,310,974	39,391,798
Cash and due from banks	8,249,060	8,351,489
U. S. Govt. security holdings	16,828,907	17,359,980
Loans & discounts	15,251,410	13,527,903
Surplus and undivided profits	1,392,743	1,368,242

* * *

The Dime Savings Bank of Brooklyn, N. Y., third largest savings bank in the world and the only corporation in Brooklyn or Long Island with more than $1 billion in assets, on Jan. 6 began observance of its 100th anniversary year.

To formally mark the opening of the bank's centennial year, Borough President John Cashmore snipped a symbolic ribbon stretched across the bank's main entrance at DeKalb Avenue and Fulton Street. He then officially designated the area, site of "The Dime's" main office, as "Dime Square" and street signs bearing that designation were put up.

The bank was incorporated under a special act of the State Legislature on April 12, 1859. It opened for business the following June 1 in a small room in the post office building then on Montague Street.

At the end of the first day's business, 91 accounts had been opened totaling $1,892. Today, the bank has more than 496,000 depositors with over $974,000,000 on deposit among its four offices. On Jan. 2, "The Dime" paid these depositors $7,687,250 as its 247th consecutive dividend. It was a quarterly payment at an annual rate of 3¼%, and brought to $361,619,077 the total dividends paid since the bank opened in 1859.

The bank's greatest growth has taken place under direction of George C. Johnson, President, from Oct. 25, 1946, to June 23, 1958, when he became Chairman of the Board of Trustees and Chief Executive Officer, and was succeeded in the Presidency by Mr. Livesey.

* * *

The Lafayette National Bank of Brooklyn, New York, announced the following promotions:

Alfred M. Olsen and Frank M. Murphy, Vice-Presidents; Mr. Olsen will continue as Cashier of the bank; Walter Faustmann, Shirley Skeans, Frank P. Plunkett; Richard A. Donals and William H. Midwinter; Assistant Vice-Presidents.

* * *

KINGS COUNTY TRUST COMPANY BROOKLYN, N. Y.

	Dec. 31,'58	June 30,'58
Total resources	$84,037,971	$88,348,959
Deposits	73,103,585	77,658,507
Cash and due from banks	11,943,116	6,782,755
U. S. Govt. security holdings	19,631,059	21,112,300
Loans & discounts	23,560,660	28,266,118
Undivided profits	1,242,000	1,211,487

* * *

Plan of Merger together with certificate of compliance of the respective corporations providing for the merger of **Adirondack National Bank and Trust Company, Saranac Lake, N. Y.,** into **The Northern New York Trust Company,** under the title **The Northern New York Trust Company,** has been filed with the New York State Banking Department.

* * *

Plan of Merger together with certificate of compliance of the respective corporations providing for the merger of **The Farmers National Bank and Trust Company of Rome, N. Y.** and **The First National Bank of Herkimer** into **First Bank & Trust Company of Utica,** under the title **Marine Midland Trust Company of the Mohawk Valley,** has been filed with the New York State Banking Department.

* * *

First Bank & Trust Company of Utica, Utica, N. Y., was granted approval to increase the capital stock from $2,150,000 consisting of 2,150,000 shares of the par value of $1 each, to $3,100,000 consisting of 620,000 shares of the par value of $5 each.

* * *

NATIONAL BANK OF WESTCHESTER WHITE PLAINS, N. Y.

	Dec. 31,'58 $	Dec. 31,'57 $
Total resources	166,119,188	147,541,693
Deposits	152,776,886	136,027,299
Cash and due from banks	15,073,733	19,363,542
U. S. Govt. security holdings	56,125,798	43,220,330
Loans & discounts	74,086,025	58,854,418
Undivided profits	1,361,572	1,414,286

* * *

The National State Bank of Newark, N. J., announced plans to establish its 22 banking office in the Greater Newark area. The office will be known as the "Seaport Office." A lease has been signed with the Port of New York Authority for 25,000 square feet at the southwest corner of Marsh and Terminal Streets in Port Newark.

The bank has applied to the Comptroller of the Currency for the required permission and the examination has been completed. Assuming that permission is granted, work on the new facility will be undertaken at once.

The National State Bank also operates an office in the Airport Adminsitration Building. This office, which was opened in 1953, specializes in serving air traffic, whereas, the new facility is expected to service seaborne traffic.

* * *

George E. Vincent, an Assistant Vice-President of the **National Newark and Essex Banking Company, N. J.,** died Dec. 30.

* * *

FIRST NATIONAL BANK AND TRUST CO. PATERSON, N. J.

	Dec. 31, '58 $	June 30,'58 $
Total resources	246,737,931	236,834,230
Deposits	225,966,923	216,803,402
Cash and due from banks	35,380,655	34,749,323
U. S. Govt. security holdings	62,875,414	57,044,989
Loans & discounts	114,182,254	107,997,023
Undivided profits	3,899,308	3,601,149

Continued from page 4

The State of Trade and Industry

weekly added it is doubtful there will be an overnight spurt in operations.

The buildup of steel production will be gradual, "The Iron Age" declared. The reason for this is that the mills hesitate to start up additional furnaces until they have orders in hand. They are going to be sure they need the added output before committing themselves to it.

Despite the gathering strength of the steel market, quite a few steel users are holding back in the placing of orders above their normal requirements. One steel sales Vice-President commented; "They've been in the driver's seat so long they find it difficult to adjust," this trade authority stated.

Part of the strength of the plate market is due to a buildup in linepipe orders. Some of this large-diameter pipe is fabricated from plate. In the Midwest, linepipe bookings are still gaining. Tank fabricators also are revising their plate orders upward, this trade paper concluded.

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

It stated that plans are to build 595,000 passenger cars in United States plants during January compared with 489,357 in the same month in 1958.

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

The industry operations the past week reflected the higher level of operations, with domestic plants assembling 97,819 cars compared with 76,653 in the same week a year ago. Two weeks ago, 104,907 were built.

Truck completions, with International Harvester on strike since Nov. 13, totaled 13,480 last week as against 12,817 a year ago. Two weeks ago the total was 15,212.

Scheduled to work last Saturday, Jan. 3, was Cadillac, Lincoln in Detroit, plus four of 13 Ford Division factories and Rambler and Studebaker.

The auto makers definitely are encouraged by the tenor of December new car buying, but "Ward's" added that a 6,000,000 car year in 1959 appears somewhat optimistic and undoubtedly would require the full participation of each of 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 predicted 110,000,000 ton production year, up 30% from 1958's 85,000,000 ton output, "Steel" magazine reported on Monday of this week.

Although New Year's Day operations were somewhat curtailed, the ingot rate climbed 6 points to 75% of the 1958 capacity. Production during the last three days of December and the first four days of January was about 1,943,000 net tons.

Steelworks operations in ten out of 12 districts were up. District rates follow: Detroit at 101% of capacity, up 12 points; St. Louis at 96, up 23 points; Chicago at 87, up 0.5 point; Cincinnati at 83, down 5 points; Cleveland at 80, up 11 points; Western district at 79.5, up 0.5 point; Wheeling at 79, up 8 points; Pittsburgh at 73, up 11 points; Birmingham at 73, up 1.5 points; Eastern district at 71, up 14 points; Buffalo at 66, no change, and Youngstown at 64, up 14 points.

This year will be eventful for steel, the metalworking weekly added. It looks for a widespread reversal of inventory policy. Consumers will add 4,000,000 tons to their stockpiles before July. Current inventories are pegged at 14,000,000 tons.

There will be explosive contract talks between the industry and the United Steelworkers. Chances are that agreement on a new pact will not be reached before the old one expires on June 30. But it does not mean there will be a strike immediately. An extension or two will probably be agreed upon.

No steel shortages are looked for, unless consumers panic, and stable prices are expected through the first half. If the USW wins a costly package, base prices may go up sharply in late summer, "Steel" declared.

Also in store is greater 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 are that construction expects a record $53 billion year as against 1958's $49.5 billion.

Automakers will build between 5.5 million and 5.8 million cars and 1 million trucks (compared with 4,250,000 cars and 870,000 trucks in 1958). Machine tool sales should reach about $455,000,000 this year, compared with $360,000,000 in 1958. Electrical machinery people expect a 7% gain over 1958. Farm equipment sales will equal or surpass 1958's estimated $2.2 billion. Oil and gas equipment sales will be up. About 3,400,000 tons of pipe are expected to be laid in 1959 (as against 2,600,000 in 1958).

Nonferrous metalmen foresee a good year. They have just come through one of their best fourth quarters in history and see little reason to expect a slowup in 1959. Over-all sales could equal those of 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 orders filled.

"Steel's" price composite on steelmaking scrap held at $39.66 a gross ton. Scrapmen hope that rising steel operations will put new strength into the market.

In the current week steel output is expected to reach the highest level since the first week of October 1957.

The American Iron and Steel Institute announced that the operating rate of steel companies will average *131.3% of steel capacity for the week beginning Jan. 5, 1959, equivalent to 2,109,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *128.1% of capacity, and 2,058,000 tons a week ago.

Output for the week beginning Jan. 5, 1959 is equal to about 74.5% of the utilization of the Jan. 1, 1959 annual capacity of

147,633,670 net tons compared with actual production of 76.2% the week before, based on utilization of Jan. 1, 1958 annual capacity of 140,742,570 net tons.

For the like week a month ago the rate was *123.6% and production 1,985,000 tons. A year ago the actual weekly production was placed at 1,515,000 tons or 94.3%.

*Index of production is based on average weekly production for 1947-1949.

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

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 3, 1959 was estimated at 12,364,000,000 kwh., according to the Edison Electric Institute. Output the past week receded from the level of the preceding week.

For the week ended Jan. 3, 1959 output decreased by 15,000,000 kwh. below that of the previous week but increased by 672,000,000 kwh. above that of the comparable 1958 week and by 693,000,000 kwh. above that of the week ended Jan. 5, 1957.

Car Loadings Dropped 24.3% Under Preceding Week

Loadings of revenue freight in the week ended Dec. 27, 1958 were 138,989 cars or 24.3% below the preceding non-holiday week.

Loadings for the week ended Dec. 27, 1958, which included the Christmas holiday, totaled 431,938 cars, an increase of 22,340 cars, or 5.5% above the corresponding 1957 week, but a decrease of 55,608 cars, or 11.4% below the corresponding week in 1956.

Auto Industry Scheduling January 1959 Output 22% Above Level of 1958

Passenger car production for the week ended Jan. 2, 1959, according to "Ward's Automotive Reports," is scheduling its January output 22% above the year ago level.

Last week's car output totaled 97,819 units and compared with 104,907 (revised) in the previous week. The past week's production total of cars and trucks amounted to 111,299 units, or a decrease of 3,820 units below that of the previous week's output, states "Ward's."

Last week's car output dropped under that of the previous week by 7,088 units, while truck output declined by 1,732 vehicles during the week. In the corresponding week last year 76,653 cars and 12,817 trucks were assembled.

Last week the agency reported there were 13,430 trucks made in the United States. This compared with 15,212 in the previous week and 12,817 a year ago.

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 3.7% below production, according to the "National Lumber Trade Barometer." In the same period new orders were 30.4% above production. Unfilled orders amounted to 37% of stocks. Production was 39.9% below; shipments 41.7% below and new orders were 27.6% below the previous week and 26.4% above the like week in 1957.

Business Failures Continue Holiday Decline

Commercial and industrial failures continued down to 169 in the week ended Jan. 1 from 185 in the preceding week, Dun & Bradstreet, Inc. reports. At the lowest level since the week ended Dec. 26, 1957, casualties were considerably less numerous than in the comparable week of last year when 203 occurred. About one-half as many businesses succumbed as in the similar week of prewar 1939 when the total was 312.

Failures involving liabilities of $5,000 or more dipped to 145 from 153 in the previous week and 173 a year ago. A decrease also prevailed among small casualties under $5,000, which fell to 24 from 32 a week ago and 30 last year. Thirteen of the failing businesses had liabilities in excess of $100,000 as against 21 in the preceding week.

Wholesale Food Price Index Eased Somewhat Last Week

Although the wholesale food price index, compiled by Dun & Bradstreet, Inc. slipped slightly from the prior week, it remained fractionally above a year ago. On Dec. 29 the index stood at $6.35, down 0.5% from the $6.38 a week earlier, but up 0.5% from the $6.32 of the comparable date last year. The 1958 high of $6.72 occurred on April 3, while the low of $6.23 was reached on Oct. 14.

Higher in wholesale cost last week were cottonseed oil, eggs and steers. Declines included flour, wheat, corn, oats, barley, lard, butter, sugar, cocoa, hams, bellies and milk.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Edged Moderately Lower the Past Week

The general commodity price level declined moderately last week, reflecting lower prices of most grains, flour, lard, steers and butter. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to 274.50 on Dec. 29 from 275.25 a week earlier. It was noticeably below the 277.62 of the corresponding date a year ago.

Expectations of expanded country marketings early in 1959 discouraged grain trading the past week and most prices declined somewhat. Despite prospects of large export business, especially to Egypt, wheat trading sagged and prices were down appreciably. Trading in corn dipped moderately and prices were somewhat lower than a week earlier. There was an appreciable decline in soybean prices and transactions lagged. Although sales of rye moved downward during the week, prices were steady.

There was a moderate pick-up in flour trading, but prices were moderately lower. Although the buying of rice decreased moderately, prices were sustained close to those of the prior week. Wholesalers anticipate a renewed surge in rice exports and light supplies in the coming weeks. Rice prices are expected to advance early in January.

A higher than anticipated final crop estimate from Ghana discouraged cocoa buying the past week and prices fell moderately. Coffee transactions remained close to the prior week with prices steady. Although transactions in sugar were reduced during the week, prices were unchanged from a week earlier.

Although cattle receipts in Chicago fell from the prior week, buying slackened and prices were down appreciably. The salable supply of hogs expanded somewhat and turnover picked up.

Hog prices were up noticeably from a week earlier. Lamb buying was steady and receipts were close to the preceding week. Lamb prices held unchanged. In contrast to the increase in hog prices, lard prices fell somewhat during the week.

Trading on the New York Cotton Exchange was sustained at the level of the prior week with prices steady. A tightness of supplies is expected to stimulate transactions in the coming weeks. United States exports of cotton for the season to Dec. 20 came to about 1,216,414 bales compared with 2,192,722 in the comparable period last season.

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 promotions and good weather held total retail sales noticeably over a year ago. Best-sellers were men's and women's winter apparel, television sets, linens and housewares. Although sales of new passengers cars moved up from the prior week, they were down moderately from the similar 1957 period, scattered reports show.

The total dollar volume of retail trade in the period ended on Wednesday was 5 to 9% higher than a year ago, spot estimates collected by Dun & Bradstreet, Inc. indicate. Regional estimates varied from the comparable 1957 levels by the following percentages: Middle Atlantic and South Atlantic States +7 to +11%; East North Central +6 to +10; West North Central +5 to +9; New England and Pacific Coast +3 to +7; East South Central, West South Central and Mountain States +2 to +6%.

Apparel stores reported favorable post-Christmas response to sales promotions on women's winter coats, suits and dresses and marked year-to-year gains occurred. Interest in fashion accessories and sportswear was close to that of a year ago. The call for lingerie and blouses was up slightly. Men shoppers were primarily interested in topcoats, suits and hats, but purchases of most furnishings lagged. The buying of children's clothing appreciably exceeded that of last year with principal gains in girls' skirts and sweaters and boys' jackets and trousers.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Dec. 27,* 1958 advanced 30% above the like period last year. In the preceding week, Dec. 20, 1958 an increase of 3% was reported. For the four weeks ended Dec. 27, 1958 a gain of 8% was registered. For the period Jan. 1, 1958 to Dec. 27, 1958 an increase of 1% was recorded above that of the 1957 period.

Retail trade sales volume here in New York City the past week, according to estimates by trade observers, was unchanged from the 1957 level.

According to the Federal Reserve Board's index, department store sales in New York City for the week ended Dec. 27*, 1958 showed an increase of 27% above that of the like period last year. In the preceding week, Dec. 20, 1958, a decrease of 3% was reported. For the four weeks ended Dec. 27, 1958 an increase of 7% was noted. For the period Jan. 1, 1958 to Dec. 27, 1958 an increase of 3% was registered above that of the corresponding period in 1957.

*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.

Securities Salesman's Corner

By JOHN DUTTON

Servicing Accounts

As you build your investment clientele you will soon discover that as your customer list grows, the demands upon your time will increase to such an extent that there is a point where you must draw a line between the more essential demands and those less so. Not only will some people wish help on their investments but they will sometimes desire help on their personal problems as well. Unless you can control your time you will not have it for the necessary work of servicing your most productive and deserving customers.

Many a man running a small investment business will know what I mean when I say that "back office" details have bogged them down. The same is true when a salesman has to spend hours and hours out of each week's limited working time to servicing a number of accounts. You must control your time and, may I add—your energy. You should have time to think calmly, plan, study customer's accounts and your own securities. If your day is going to be filled with answering phone calls from people who constantly want information concerning some tip on a stock that they wish you to check for them, or just want someone with whom they can talk and call you about some nonessential matter, not only will you waste your time but you will not be able to concentrate as well on that which IS IMPORTANT.

Eliminate the Time Wasters

I think it is better to lose certain small accounts, or potential customers, and the chance of a possible referral from these people, if these accounts are time wasters or wish service out of proportion to the amount of commissions their business creates. I am not discouraging small accounts, just those that waste my time. The longest talkers are usually short on action. I once had a very wealthy retired man present his entire list of holdings for a check-up. He visited my office several times and he spent over an hour each time with me. I thought we did a most creditable job of research on his extensive portfolio. The office time which was devoted to this study and that which I gave him must have run into a cost of several hundred dollars to us. I refer only to the value of the time devoted to this job by research, our stenographers and my own contribution.

When the work was completed we had another conference and I began to perceive that this man was more interested in talking about what he might do, or thought he would do, than he was in taking any action. His list showed only a few changes during the past five years but when I looked it over it did not occur to me that he might be a congenital procrastinator. I charged the time wasted to experience and, although he calls me occasionally, I refuse to be drawn into any more lengthy discussions of his securities, the status of the bond market or the stock market, or the latest article he has read on inflation. He once gave me an order to sell five bonds and our commission amounted to $12.50, yet his investment holdings total over $2 million. This is an extreme case but it is factual and I believe it illustrates that it is wise to eliminate as well as pursue.

The Lonely Hearts Club

In the securities business you also accumulate a large number of people who have saved a "nest egg" and have time to talk. Some people keep inadequate records and are constantly phoning you for dividend information, etc. Others desire a personal confidant and if you don't object—you are it. It is a very worthwhile and humane act to keep a door open to your fellowman and to listen to the trials and tribulations of other human beings. But if it gets to the point during a busy day that some people are interfering with the normal production of your work, then you must eliminate such calls.

After a while in this business you will acquire a pretty fair layman's knowledge of most of the ills that befall elderly, neurotic ladies. You will also learn that many retired men were quite some gay blades in their youth and they want someone to share this past glory. A certain amount of this sort of thing is natural. Every salesman must handle it advantageously and with courtesy, but you still have a job to do. There are people who are serious about their investments and this is a serious business. Certainly they should not be neglected because too much of your time is wasted on others who are not aware of this.

Without being curt or rude you should explain that you have other clients waiting for you with urgent pressing matters that must be resolved. Many of these good people do not realize that you just do not have the time fro chit-chat and pointless conversation. Those who are reasonable will continue as your clients—the others are not worth keeping.

Northwest Gas & Oil Common Stock Offered

Greenfield & Co., Inc., of New York City, are publicly offering 300,000 shares of common stock (par 10 cents) at $1 per share.

The net proceeds will be used for acquisition of additional gas and oil interests and corporate administrative expenses. The office of the company is located at 150 Broadway, New York 38, N. Y.

With Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — George W. Palmer is now with Westheimer & Co., Third National Bank Bldg.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—For research and development program; and for equipment and working capital. **Office** — 4130 Howard Ave., Kensington, Md. **Underwriters** — Wesley Zaugg & Co., Kensington, Md., and Williams, Widmayer Inc., Washington, D. C. **Offering**—Expected in January.

Alaska Juneau Gold Mining Co.
Dec. 29 filed 640,660 outstanding shares of common stock, of which 300,000 shares are to be offered currently and the remaining 340,660 shares in the future. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—6327 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

Allied Publishers, Inc., Portland, Ore.
Nov. 28 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—665 S. Ankeny St. Portland 14, Ore. **Underwriter**—First Pacific Investment Corp., Portland, Ore.

● **All-State Properties Inc.**
Dec. 29 filed 685,734 shares of capital stock (par $1) to be offered for subscription by stockholders at the rate of 1½ new shares for each share held (for a 15-day standby. **Price** — $2 per share. **Proceeds**—For additional working capital and new acquisitions, etc. **Office**—30 Verbena Avenue, Floral Park, N Y. **Underwriter** — None.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. **Price**—Two cents per share. **Proceeds**—To selling stockholders. **Office**—Magsaysay Building, San Luis, Ermita, Manila, Republic of Philippines. **Underwriter** — Gaberman & Hagedorn, Inc., Manila, Republic of Philippines.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American-Caribbean Oil Co. (N. Y.)
Feb. 28, 1958, filed 500,000 shares of common stock (par 20c). **Price**—To be supplied by amendment. **Proceeds**—To discharge current liabilities and to drill 10 wells. **Underwriters**—To be named by amendment.

American Enterprise Fund, Inc., New York
Oct. 30 filed 487,897 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Distributor**—Edward A. Viner & Co., Inc., New York.

American Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc., 800 Security Bldg., Denver 2, Colo.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds** — For investment in first trust notes, second trust notes and construction loans. Company may develop shopping menters and build or purchase office buildings. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

● **American Telemail Service, Inc.**
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc. **Offering**—Expected early in 1959.

★ **Arnold Altex Aluminum Co.**
Jan. 5 filed 250,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. Cruttenden, Podesta & Co., Chicago, Ill.

Associated Bowling Centers, Inc.
Nov. 24 filed 300,000 shares of 20-cent cumulative convertible preferred stock (par one cent) and 50,000 outstanding shares of common stock (par one cent). The preferred shares are to be offered for public sale for the account of the company and the common shares will be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To acquire new bowling centers and increase working capital (part to be used in defraying cost of acquisition of stock of owner of a Brooklyn (N. Y.) bowling center. **Office**—135 Front St., N. Y. **Underwriter** — To be named by amendment. **Offering**—Expected any day.

★ **Automatic Canteen Co. of America**
Dec. 23 (letter of notification) an estimated 1,923 shares of common stock (par $2.50) to be offered to eligible employees through a payroll deduction plan. **Price**—At market (approximately $26 per share). **Proceeds**—For working capital. **Office**—Merchandise Mart Plaza, Chicago 54, Ill. **Underwriter**—None.

Autosurance Co. of America
Oct. 16 filed 250,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To increase capital and surplus. **Office**—Atlanta, Ga. **Underwriter**—None. Statement effective Dec. 3.

★ **Avco Manufacturing Corp., New York**
Jan. 7 filed $15,000,000 of convertible subordinated debentures, due Feb. 1, 1979, to be offered for subscription by stockholders. **Price**—To be supplied by amendment. **Proceeds** — To reduce short-term bank loans. **Underwriters**—Lehman Brothers and Emanuel, Deetjen & Co., both of New York.

Bankers Fidelity Life Insurance Co.
Feb. 28, 1958, filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Atlanta, Ga **Underwriter**—None

Bankers Management Corp.
Feb. 10, 1958, filed 400,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To reduce outstanding indebtedness and for working capital. **Office**—1404 Main St., Houston, Texas. **Underwriter**—McDonald, Kaiser & Co., Inc. (formerly McDonald, Holman & Co., Inc.), New York.

Bankers Southern, Inc.
April 14, 1958, filed 8,934 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Underwriter**—Bankers Bond Co., Louisville, Ky

● **Bargain Centers, Inc. (1/15)**
Nov. 20 (letter of notification) $300,000 of 6% subordinated convertible debentures due Jan. 1, 1969 and 30,000 shares of common stock (par 10 cents) to be offered in units of $100 of debentures and 10 shares of stock. **Price**—$100 per unit. **Proceeds**—For equipping and decorating a new store and acquisition of real estate for a new warehouse and working capital. **Office**—c/o Edward H. Altschull, President, 1027 Jefferson Circle, Martinsville, W. Va. **Underwriter**—Securities Trading Corp., Jersey City, N. J.

Bargain City, U. S. A., Inc.
Dec. 29 filed 5,000,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For expansion and acquisition or leasing of new sites. **Office**—2210 Walnut Street, Philadelphia, Pa. **Underwriter**—None.

Bellechasse Mining Corp. Ltd.
Oct. 29 filed 800,000 shares of common stock. **Price**—Related to the market price on the Canadian Stock Exchange, at the time the offering is made. **Proceeds**—To be applied over the balance of 1958 and the next three years as follows: for annual assessment work on the company's properties (other than mining claims in the Mt. Wright area in Quebec); for general prospecting costs; and for general administration expenses. **Office**—Montreal, Canada. **Underwriters**—Nicholas Modinos & Co. (Washington, D. C.) in the United States and by Forget & Forget in Canada.

Big Bromley, Inc., Manchester, Vt.
Dec. 9 filed 6,000 shares of common stock, $300,000 of 5% debentures due April 1, 1979, and $100,000 of 6% notes due April 1, 1980, the common stock and debentures to be offered in units of $250 of debentures and five common shares. **Price**—Of units, $500 each, and of notes, at par. **Proceeds**—For general corporate purposes. **Business**—A ski lift and school. **Underwriter**—None.

● **Blossman Hydratane Gas, Inc. (2/2-6)**
Dec. 29 filed $1,200,000 of 5% subordinated convertible debentures due Dec. 31, 1978 and 120,000 shares of common stock (par $1) to be offered in units of $500 of debentures and 50 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire short-term bank loans, and for working capital to be used for general corporate purposes. **Business**—Sale and distribution of liquified petroleum gas. **Office**—Covington, La. **Underwriters**—S. D. Fuller & Co., New York and Howard, Weil, Labouisse, Friederichs & Company, New Orleans, La.

● **Borman Food Stores, Inc. (1/21-28)**
Dec. 24 filed 404,900 shares of common stock (par $1), of which 304,900 shares would be sold for account of stockholders and 100,000 shares for account of the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Shields & Co., New York.

Boston Garden-Arena Corp.
Nov. 24 (letter of notification) 2,150 shares of common stock (par $1). **Price**—At-the-market (estimated at $23 per share). **Proceeds** — To go to selling stockholders. **Office**—North Station, Boston 14, Mass. **Underwriter**—Weston W. Adams & Co., Boston, Mass.

★ **Bowmar Instrument Corp.**
Dec. 30 (letter of notification) $300,000 principal amount of 5-year 6% notes with stock purchase warrants attached. The warrant grants the right to purchase common stock of the company at the rate of 30 shares for each $1,000 principal amount of notes at the price of $7.50 per share. **Price**—At par. **Proceeds** — To reduce current short-term indebtedness and for working capital. **Office** — Bluffton Rd., Fort Wayne, Ind. **Underwriter**—Fulton Reid & Co., Inc., Cleveland, Ohio.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box-506, Bridgehampton, L. I., N. Y. **Underwriter**—None.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. **Price**—At par ($500 per unit). **Proceeds**—For expansion and working capital. **Office**—901 Seneca Ave., Brooklyn 27, N. Y. **Underwriter** — Sano & Co., 15 William St., New York, N. Y.

Carraco Oil Co., Ada, Okla. (1/15)
Nov. 10 (letter of notification) 200,000 shares of common stock. **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Underwriter** — Berry & Co., New York.

Cemex of Arizona, Inc.
Nov. 17 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1849, 3720 E. 32nd Street, Yuma, Ariz. **Underwriter**—L. A. Huey Co., Denver, Colo.

★ **Central Hudson Gas & Electric Corp. (1/26-27)**
Jan. 2 filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter** — Kidder, Peabody & Co., New York.

Central Illinois Public Service Co. (1/27)
Dec. 31 filed $12,000,000 first mortgage bonds, series H, due Jan. 1, 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Salomon Bros. & Hutzler. **Bids**—Expected to be received up to 11:30 a.m. (EST) on Jan. 27.

Champion Paper & Fibre Co. (1/15)
Dec. 19 filed $20,036,400 of convertible subordinate debentures due Jan. 15, 1984, to be offered for subscription by common stockholders of record Jan. 14, 1959 at the rate of $100 of debentures for each 22 shares then held; rights to expire on or about Jan. 29, 1959. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding bank loans and for general corporate purposes, including additional working capital and future capital expenditures. **Underwriter**—Goldman, Sachs & Co., New York.

Chemical Fire & Casualty Insurance Co.
Nov. 24 filed 210,000 shares of class "A" voting common stock and 210,000 warrants to subscribe to a like number of shares of class "B" non-voting common stock. Purchasers of the class "A" shares will receive with each share purchased a warrant granting the right to purchase for $10 per share one shares of class "B" stock for a period of 18 months after the company receives permission to write insurance. **Price**—$10 per share. **Proceeds**—For working capital. **Office**—2807 Sterick Bldg., Memphis, Tenn. **Underwriter**—None.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

Combustion Engineering, Inc.
Dec. 19 filed 64,011 shares of capital stock to be offered in exchange for 81,002 shares of the outstanding common stock and for 2,131 shares of the outstanding $100 par preferred stock of General Nuclear Engineering Corp., at the rate of seven shares and 3.4302 shares of Combustion Engineering stock for each 10 shares of common stock and each share of preferred stock, respectively, of General Nuclear Engineering (of Dunedin, Fla.).

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be

offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

Commonwealth Edison Co. (1/13)
Dec. 18 filed $20,000,000 of sinking fund debentures, due Jan. 1, 2009. **Proceeds**—To be added to working capital for ultimate application toward the cost of property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp. **Bids**—Expected to be received up to 10:30 a.m. (CST) on Jan. 13 at Room 1820, 72 West Adams St., Chicago 90, Ill.

Consolidated Edison Co. of New York, Inc. (1/27)
Dec. 23 filed a maximum of $59,778,600 of convertible debentures due Aug. 15, 1973, to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 25 shares of stock held of record on Jan. 26, 1959; rights to expire on Feb. 13. **Price**—100% (flat). **Proceeds**—To repay short-term bank notes, and for additions to utility plant. **Underwriters**—Morgan Stanley & Co. and The First Boston Corp., both of New York.

Consumers Cooperative Association, Kansas City, Mo.
Oct. 29 filed $6,000,000 of 5½% 25-year subordinated certificates of indebtedness, and 60,000 shares of 5½% preferred stock (cumulative to extent earned before patronage refunds). **Price**—For certificates at $100 per unit; and the preferred stock at $25 per share. **Proceeds**—For retirement of maturing certificates of indebtedness, redemptions on request of certificates of indebtedness prior to maturity and of 5½% preferred stock; the possible improvement and expansion of present facilities; and the acquisition of manufacturing plants and crude oil properties if favorable opportunities therefore arise. **Underwriter**—None.

NEW ISSUE CALENDAR

January 8 (Thursday)
San Diego Gas & Electric Co.____________Debentures
(Bids 8:30 a.m. PST) $15,000,000

January 9 (Friday)
Silicon Transistor Corp.________________Common
(No underwriter) $600,000

January 12 (Monday)
Natural Gas Service Co.________Debentures & Com.
(Kidder, Peabody & Co., Inc.) $200,000 of debentures and 40,000 common shares
Rochester Telephone Corp.______________Common
(Offering to stockholders—underwritten by The First Boston Corp.) 195,312 shares
Spur Oil Co.____________________________Common
(Equitable Securities Corp.) 1,000,000 shares
Tractor Supply Co.______________________Common
(Dempsey-Tegeler & Co.) 480,000 shares
Vita Food Products, Inc.________________Common
(Granberry, Marache & Co.) 12,000 shares

January 13 (Tuesday)
Commonwealth Edison Co.________________Debentures
(Bids 10:30 a.m. CST) $20,000,000
First National Bank & Trust Co., Tulsa, Okla.___________________________________Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith) $2,700,000
Gulf States Utilities Co.________________Preferred
(Bids 11 a.m. EST) $10,000,000
Kaiser Industries Corp._________________Common
(The First Boston Corp.; Dean Witter & Co.; and Carl M. Loeb, Rhoades & Co.) 500,000 shares
Kaman Aircraft Corp.___________________Debentures
(Paine, Webber, Jackson & Curtis) $1,250,000
Pacific National Bank of San Francisco___Common
(Offering to stockholders—underwritten by Blyth & Co., Inc. and Elworthy & Co.) 74,511 shares
Resistoflex Corp._______________________Common
(Bache & Co.) 100,000 shares

January 14 (Wednesday)
General Telephone Co. of Florida_________Preferred
(Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp. and Mitchum, Jones & Templeton) $12,000,000
Ontario (Province of), Canada___________Debentures
(Harriman Ripley & Co., Inc. and Wood, Gundy & Co., Inc.) $75,000,000
Southern California Water Co.___________Debentures
(Dean Witter & Co. and Smith Pollan & Co.) $2,000,000

January 15 (Thursday)
Bargain Centers, Inc.________Debentures & Common
(Securities Trading Corp.) $300,000
Carraco Oil Co.________________________Common
(Berry & Co.) $300,000
Champion Paper & Fibre Co._____________Debentures
(Offering to stockholders—underwritten by Goldman, Sachs & Co.) $20,036,400
Heliogen Products, Inc.__________________Common
(Albion Securities Co.) $144,000
Hilton Credit Corp.______________________Common
(Offering to stockholders—underwritten by Carl M. Loeb, Rhoades & Co.) 1,942,570 shares
Kansas Power & Light Co.________________Common
(The First Boston Corp.) 275,000 shares
Smith-Corona Marchant, Inc.____________Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $7,443,100
Surrey Oil & Gas Corp.__________________Common
(Peter Morgan & Co.) $900,000
United Pacific Aluminum Corp.___________Common
(D. H. Blair & Co. and Stern, Frank, Meyer & Fox) $800,000

January 19 (Monday)
Gulf States Utilities Co.__________________Bonds
(Bids noon EST) $10,000,000
Industro Transistor Corp.________________Common
(S. D. Fuller & Co.) 150,000 shares
Seiberling Rubber Co.___________________Common
(Offering to stockholders—to be underwritten by Eastman Dillon, Union Securities & Co.) 106,841 shares

January 20 (Tuesday)
Government Employees Variable Annuity Life Insurance Co.________________________Common
(Offering to stockholders—underwritten by Johnston, Lemon & Co.; Eastman Dillon, Union Securities & Co. and Abacus Fund) $7,500,000

Rockland-Atlas National Bank of Boston___Common
(Offering to stockholders—underwritten by The First Boston Corp.) 40,000 shares
Southern California Edison Co.___________Common
(The First Boston Corp. and Dean Witter & Co.) 500,000 shares
Southern Natural Gas Co.__________________Bonds
(Bids 11 a.m. EST) $35,000,000

January 21 (Wednesday)
Borman Food Stores, Inc.________________Common
(Shields & Co.) 404,900 shares
Indiana & Michigan Electric Co.____________Bonds
(Bids 11 a.m. EST) $20,000,000

January 22 (Thursday)
Rohr Aircraft Corp.______________________Common
(The First Boston Corp. and Lester, Ryons & Co.) 300,000 shares

January 23 (Friday)
Home Owners Life Insurance Co.__________Common
(Offering to stockholders—underwritten by H. Hentz & Co.)
Mobile Gas Service Corp.________________Common
(Offering to stockholders—underwritten by The First Boston Corp. and Robinson, Humphrey & Co.) 33,000 shares
National State Bank_____________________Common
(Offering to stockholders—underwritten by Clark, Dodge & Co.) $4,000,000

January 26 (Monday)
Central Hudson Gas & Electric Corp._____Common
(Kidder, Peabody & Co.) 350,000 shares
Holiday Inns of America, Inc.____________Common
(Offering to stockholders—underwritten by Equitable Securities Corp.) 35,298 shares

January 27 (Tuesday)
Central Illinois Public Service Co.__________Bonds
(Bids 11:30 a.m. EST) $12,000,000
Consolidated Edison Co. of New York, Inc.___Debs.
(Offering to stockholders—to be underwritten by Morgan Stanley & Co. and The First Boston Corp.) $59,778,000

February 2 (Monday)
Blossman Hydratane Gas, Inc._____Debens. & Com.
(S. D. Fuller & Co.) $1,200,000 debentures and 120,000 common shares

February 4 (Wednesday)
Southern Co.____________________________Common
(Bids 11 a.m. EST) between $40,000,000 and $45,000,000

February 17 (Tuesday)
Public Service Co. of Indiana, Inc.__________Bonds
(Bids to be invited) $25,000,000

February 25 (Wednesday)
Illinois Bell Telephone Co.________________Bonds
(Bids to be invited) $50,000,000

April 2 (Thursday)
Gulf Power Co.__________________________Bonds
(Bids to be invited) $7,000,000

April 30 (Thursday)
Alabama Power Co._______________________Bonds
(Bids to be invited) $20,000,000

May 28 (Thursday)
Southern Electric Generating Co.____________Bonds
(Bids to be invited) $25,000,000

June 25 (Thursday)
Mississippi Power Co._____________________Bonds
(Bids to be invited) $5,000,000

September 10 (Thursday)
Georgia Power Co.________________________Bonds
(Bids to be invited) $18,000,000

Postponed Financing

Michigan Bell Telephone Co._________Debentures
(Bids to be invited) $40,000,000
Montana Power Co.________________________Bonds
(Bids to be invited) $20,000,000
Pennsylvania Power Co.____________________Bonds
(Bids to be invited) $8,000,000
Southwestern Bell Telephone Co.______Debentures
(Bids to be invited) $110,000,000

● **Consumers Power Co.**
Aug. 29 filed 150,000 shares of preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To repay short-term bank loans and for expansion and improvement of service facilities. **Underwriter — Morgan** Stanley & Co., New York. Statement has been withdrawn.

★ **Copperweld Steel Co.**
Dec. 19 (letter of notification) an undetermined number of shares of common stock (par $5) to be offered to employees pursuant to Employees Stock Purchase Plan. **Price**—At average cost per share purchased on the New York Stock Exchange. **Proceeds**—To purchase stock in the market. **Office**—Frick Bldg., Pittsburgh, Pa. **Underwriter**—None.

Counselors Research Fund, Inc., St. Louis, Mo.
Feb. 5, 1958, filed 100,000 shares of capital stock, (par one cent). **Price**—At market. **Proceeds**—For investment. **Underwriter — Counselors Research Sales Corp., St.** Louis. Robert H. Green is President.

Cryogenic Engineering Co.
Sept. 22 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For repayment of loan; purchase of plant and office equipment; raw materials and supplies; and for working capital, etc. **Office**—U. W. National Bank Bldg., 1740 Broadway, Denver, Colo. **Underwriter**—L. A. Huey, Denver, Colo.

★ **Daw Corp.**
Dec. 23 (letter of notification) 4,000 shares of common stock (consisting of 1,400 shares of class B voting stock and 2,600 shares of class A non-voting stock). **Price**—At par ($25 per share). **Proceeds** — For acquisition of a bowling alley operation business. **Office** — 2519 East Fourth Ave., Olympia, Wash. **Underwriter**—None.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa. **Underwriter**—None.

★ **Diversified Development, Inc.**
Dec. 30 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For real estate development business. **Office** — 111 Linden St., Reno, Nev. **Underwriter**—None.

★ **Diversified Inc., Amarillo, Texas**
Jan. 6 filed 300,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. **Underwriter** — Investment Service Co., Denver, Colo., on a best efforts basis.

★ **Dorcheat Drilling & Development Corp.**
Dec. 30 (letter of notification) 10,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For drilling and development of oil properties. **Office**—104 City Hall, Minden, La. **Underwriter**—None.

★ **Dyckman Hotel Associates**
Dec. 31 filed 128 participations in partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To reimburse partners for money advanced by them, to pay the balance due under the purchase contract, and to defray costs incident to the acquisition of Hotel Dyckman in Minneapolis, Minn. **Office** — 60 East 42nd St., New York, N. Y. **Underwriter**—None.

Edgcomb Steel of New England, Inc.
Dec. 5 (letter of notification) 30,000 shares of class A common stock (par $5). **Price** —$10 per share. **Proceeds**—To pay off current notes payable to bank and to increase working capital. **Office** — 950 Bridgeport Ave., Milford, Conn. **Underwriter**—None.

★ **E-I Mutual Association**
Jan. 5 (letter of notification) 5,000 shares of class B special stock to be offered for subscription by employees of Thomas A. Edison, Inc., and subsidiaries or its successor and this issuer. **Price**—$10 per share. **Proceeds**—To be held in a redemption fund. **Office**—180 Main St., West Orange, N. J. **Underwriter**—None.

Ethodont Laboratories, Berkeley, Calif.
Feb. 20, 1958, filed 300,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To cover operating expense during the development period of the corporation. **Underwriter**—None.

● **Federated Corp. of Delaware**
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company; $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. **Office**—1 South Main Street, Port Chester, N. Y. **Underwriter**—None.

Federated Finance Co.
Nov. 17 (letter of notification) $300,000 of 10-year 6% senior subordinated debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds** — For working capital, to make loans, etc. **Office**—2104 "O" St., Lincoln, Neb. **Underwriters** — J. Cliff Rahel & Co. and Eugene C. Dinsmore, Omaha, Neb.

Finance For Industry, Inc.
Dec. 16 filed 200,000 shares of class A common stock. **Price**—At par ($1.50 per share). **Proceeds**—For working capital. **Office**—508 Ainsley Bldg., Miami, Fla. **Underwriter** — R. F. Campeau Co., Penobscot Bldg., Detroit, Mich.

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Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and 40,000 shares of common stock, to be offered in units of $100 principal amount of debentures and one share of common stock. **Price** — $110 per unit. **Proceeds**—For purchase and development of subdivision land, including shopping site; for new equipment and project site facilities; for financing expansion program; and for liquidation of bank loans and other corporate purposes. **Office**—700 43rd St., South, St. Petersburg, Fla. **Underwriter**—None.

★ **Florida Public Utilities Co.**
Jan. 7 filed 32,500 shares of cumulative convertible preferred stock (par $20). **Price** — To be supplied by amendment. **Proceeds**—To finance part of company's construction program. **Underwriters**—White, Weld & Co., Starkweather & Co., and Clement A. Evans & Co., Inc.

Fluorspar Corp. of America
Oct. 14 (letter of notification) 133,333 shares of common stock (par 25 cents). **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter** — Ross Securities Inc., New York, N. Y.

Fort Pierce Port & Terminal Co.
Nov. 25 filed 2,138,500 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To pay short-term loans and for completing company's Port Development Plan and rest added to general funds. **Office** — Fort Pierce, Fla. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

★ **Gas Light Co. of Columbus**
Dec. 30 (letter of notification) 15,000 shares of common stock (par $4). **Price** — $19 per share. **Proceeds**—For working capital. **Office** — 107 13th St., Columbus, Ga. **Underwriter**—None.

General Alloys Co.
Nov. 17 (letter of notification) 45,250 shares of common stock (par $1) of which 16,900 shares are to be offered to employees and the remainder to the public. **Price**—To employees, $1.1805 per share. **Proceeds**—To purchase and install machinery and equipment. **Office**—367-405 West First St., Boston, Mass. **Underwriter**—William S. Prescott & Co., Boston, Mass.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1) **Proceeds**—To the Attorney General of the United States **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). **Bids**—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Telephone Co. of Florida (1/14-15)
Dec. 23 filed 480,000 shares of $1.30 cumulative preferred stock, series B. **Price**—At par ($25 per share). **Proceeds**—To repay bank loans. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York and Boston; and Mitchum, Jones & Templeton, Los Angeles, Calif. There is no firm commitment by the underwriters to acquire the stock.

Government Employees Variable Annuity Life Insurance Co. (1/20)
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company on or about Jan. 20, 1959 viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held on Jan. 6, 1959 (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held on Jan. 6, 1959 (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held on Jan. 6, 1959 (as of Sept. 30, 1958 there were 143,127 shares of stock outstanding and $614,360 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,724 common shares would be outstanding. Warrants will expire on Feb. 10, 1959. **Price**—$3 per share. **Proceeds**—For capital and surplus. **Office** — Government Employees Insurance Building, Washington, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass.

Grain Elevator Warehouse Co.
Nov. 3 filed 100,000 outstanding shares of common stock (par 10 cents). National Alfalfa Dehydrating & Milling Co., holder of the 100,000 common shares, proposes to offer to its stockholders preferential warrants to subscribe to 98,750 shares of Grain Elevator stock on the basis of one warrant to purchase one-eighth share of Grain Elevator stock for each share of National Alfalfa common held on Nov. 17, 1958; rights to expire Dec. 31. **Price**—$2 per share. **Proceeds**—To selling stockholder. **Office** — 927 Market Street, Wilmington, Del. **Underwriter**—None.

● **Grand Union Co.**
Oct. 29 filed 187,534 shares of common stock (par $5) being offered in exchange for outstanding common stock of Sunrise Supermarkets Corp. at the rate of one share of Grand Union stock for each 2.409 shares of Sunrise stock. The offer was declared effective as of Dec. 31, 1958, and has been extended.

★ **Grande Oil & Gas Co.**
Dec. 22 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For development of oil and gas properties. **Office**—407 University Bldg., Denver, Colo. **Underwriter**—None.

Great American Publications, Inc.
Dec. 15 (letter of notification) 130,000 shares of common stock (par 10 cents), of which 30,000 shares will be offered for 30 days to the company's employees, and to the company's news dealers, wholesalers and distributors and their employees at $1.65 per share; and 100,000 shares will be offered to general public at $2 per share. **Proceeds**—To satisfy creditors' claims and for general corporate purposes. **Office**—41 E. 42nd St., New York 17, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York 5, N. Y.

Guaranty Life Insurance Co. of America
Nov. 14 filed 88,740 shares of class A common capital stock (par $1.80). **Price**—$5.35 per share. **Proceeds**—To increase capital and surplus. **Office**—815 15th Street, N. W., Washington, D. C. **Underwriter**—None. Statement effective Dec. 19.

Gulf States Utilities Co. (1/19)
Dec. 11 filed $10,000,000 of first mortgage bonds due 1989. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith and White Weld & Co. (jointly); Stone & Webster Securities Corp.; and Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on Jan. 19 at The Hanover Bank, 70 Broadway, New York 15, N. Y.

Gulf States Utilities Co. (1/13)
Dec. 11 filed 100,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lee Higginson Corp; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 13 at The Hanover Bank, 70 Broadway, New York 15, N. Y.

Hamilton Oil & Gas Corp.
Oct. 22 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—To acquire funds to test drill, explore, and develop oil and gas properties **Underwriter**—None. [The registration includes an additional 588,000 common shares issuable upon exercise of 1,176,000 options rights previously offered (Oct. 19, 1957), which rights entitle the original purchaser thereof to purchase one-half share of stock at 50 cents per share at the expiration of 13 months after commencement of such offering.]

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of non-voting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box-348, Albany, N. Y. **Underwriter**—None.

Heliogen Products, Inc. (1/15)
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office** — 35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

Highland Telephone Co.
Dec. 29 (letter of notification) 2,250 shares of common stock (no par) to be offered for subscription by common stockholders. **Price** — $45 per share. **Proceeds** — To repay bank loans and for construction of a new telephone plant. **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 25 cents). **Price**—At prices generally prevailing on the American Stock Exchange. **Proceeds** — To selling stockholders. **Office**—250 Park Avenue, N. Y. **Underwriter**—None.

● **Hilton Credit Corp., Beverly Hills, Calif. (1/15-16)**
Dec. 18 filed 1,942,570 shares of common stock (par $1) to be offered for subscription by common stockholders of record about Jan. 15 or 16, of Hilton Hotels Corp. at the rate of one share of Hilton Credit stock for each two shares of Hilton Hotels stock. **Price**—To be supplied by amendment. **Proceeds** — Together with bank loans, will comprise the operating funds of Hilton Credit and will be used for general corporate purposes and to finance the company's purchase of charge accounts from Hilton Hotels and other establishments who may agree to honor Carte Blanche cards. **Underwriter** — Carl M. Loeb, Rhoades & Co., New York.

Hinsdale Raceway, Inc., Hinsdale, N. H.
Dec. 29 filed capital trust certificates evidencing 1,000,000 shares of capital stock, and 2,000 debenture notes. **Price**—The common stock at par ($1 per share) and the notes in units of $500 each. **Proceeds**—For construction of a track, including land, grandstand, mutual plant building, stables and paddock, dining hall, service building, administrative building, penthouse, tote board and clubhouse. **Underwriter**—None.

Hoagland & Dodge Drilling Co., Inc.
June 12 filed 27,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—To be used in part for the exploration of mines and development and operation of mines and in payment of indebtedness. **Office**—Tucson, Ariz. **Underwriter**—None.

★ **Holiday Inns of America, Inc. (1/26-30)**
Dec. 30 filed 35,298 shares of common stock, to be offered for subscription by common stockholders (other than the Board Chairman and President and their families) at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—In addition to other funds, to be added to working capital and to complete the current portions of construction costs. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● **Home Owners Life Insurance Co. (1/23)**
Dec. 19 filed 153,840 shares of common stock to be offered for subscription by stockholders (for a 14-day standby) on the basis of one additional share for each two shares held as of Jan. 23, 1959. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—H. Hentz & Co., New York. **Offering**—Expected late in January.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

I. C. P. Israel Citrus Plantations Ltd.
Dec. 23 filed 750,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To be used for new packing houses, for purchase of citrus groves and for the planting of new groves. **Office**—Tel Aviv, Israel. **Underwriters**—None.

Indiana & Michigan Electric Co. (1/21)
Sept. 26 filed $20,000,000 of first mortgage bonds due Nov. 1, 1988. **Proceeds**—To retire bank loans used for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 21.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

● **Industro Transistor Corp. (N. Y.) (1/19-23)**
Feb. 28, 1958, filed 150,000 shares of common stock (par 10 cents): reduced to 135,000 shares by amendment subsequently filed. **Price**—To be related to the market price. **Proceeds**—For working capital and to enlarge research and development department. **Underwriter**—S. D. Fuller & Co., New York.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Investment Corp. of Florida
Oct. 9 (letter of notification) 55,555 shares of common stock (par two cents). **Price**—$4.50 per share. **Proceeds**—For capital account and paid-in surplus. **Office**—Atlantic Federal Building, 1750 E. Sunrise Boulevard, Ft. Lauderdale, Fla. **Underwriter**—None.

Israel Investors Corp.
Dec. 1 filed 46,260 shares of common stock. **Price**—$100 per share. **Proceeds**—For investment. **Office**—19 Rector Street, New York, N. Y. **Underwriter**—None.

Itemco Inc.
Nov. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire machinery and equipment and additional space for test laboratories; and for working capital. **Office**—4 Manhasset Ave., Port Washington, L. I., N. Y. **Underwriter** — B. Fennekohl & Co., 205 East 85th St., New York, N. Y.

● **Jackson's Minit Markets, Inc.**
Dec. 19 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For acquisition of land and construction of stores prior to their sales to others and their lease-back by the company; for the equipping and stocking of its stores, and for general operating purposes. **Office** — 5113 Fairmont St., Jacksonville, Fla. **Underwriters**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.; Courts & Co., Atlanta, Ga.; and The Johnson, Lane Space Corp., Savannah, Ga. **Offering**—Expected today (Jan. 8).

★ **Jay Peak, Inc., North Troy, Vt.**
Dec. 31 (letter of notification) 25,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds** — For development of a ski area. **Underwriter**—None.

● **Kaiser Industries Corp. (1/13)**
Dec. 22 filed 500,000 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—The First Boston Corp., Dean Witter & Co. and Carl M. Loeb, Rhoades & Co., all of New York.

Kaman Aircraft Corp., Bloomfield, Conn. (1/13)
Dec. 15 filed $1,250,000 of 6% convertible subordinated debentures due 1974. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

Kansas Power & Light Co. (1/15)
Dec. 22 filed 275,000 shares of common stock (par $8.75). **Price**—To be supplied by amendment. **Proceeds**—To repay $6,500,000 of bank borrowings and for construction program. **Underwriter** — The First Boston Corp., New York.

Kimberly-Clark Corp.
Dec. 30 filed 225,000 shares of common stock to be offered in exchange for the common stock 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. 23 filed 400,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For machinery and equipment and exploration purposes. **Underwriter**—None.

Life Insurance Securities Corp.
March 28, 1958, filed 1,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To acquire stock control of "young, aggressive and expanding life and other insurance companies and related companies and then to operate such companies as subsidiaries." **Underwriter**—First Maine Corp., Portland, Me.

Los Angeles Drug Co.
Oct. 3 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock, on a pro rata basis. Any shares not so sold will be offered on an exchange basis to holders of outstanding 5% sinking fund debentures. **Price**—$10.50 per share to stockholders; $11.50 to public. **Proceeds**—$328,300 to redeem outstanding 5% sinking fund debentures and $189,200 to reduce short term bank loans. **Office**—Los Angeles, Calif. **Underwriter**—Quincy Cass Associates, Los Angeles, Calif.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa. **Underwriter**—None.

M. C. A. Credit Co., Inc., Miami, Fla.
Oct. 6 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds**—To reduce current indebtedness to Walter E. Heller & Co. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Mammoth Mountain Inn Corp.
Dec. 10 (letter of notification) 70,000 shares of common stock (par $5). **Price**—$5.50 per share. **Proceeds**—To be used to build and operate and all-year resort hotel. **Office**—Suite 204, 8907 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None. Letter to be amended.

Mankato Citizens Telephone Co.
Nov. 19 (letter of notification) 5,454 shares of common stock (no par) to be offered for subscription by stockholders on the basis of one new share for each seven shares held; unsubscribed shares to employees. **Price**—$55 per share. **Proceeds**—To complete dial conversion program. **Office**—315 South Second St., Mankato, Minn. **Underwriter**—None.

★ **Market Improvement Co.**
Jan. 2 (letter of notification) 543 shares of class A common stock and 1,940 shares of class B common stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—6695 N. W. 36th Ave., Miami, Fla. **Underwriter**—None.

Merchants Petroleum Co.
Oct. 8 (letter of notification) 159,395 shares of common stock (par 25 cents) being offered for subscription by stockholders of record Nov. 24, 1958 on the basis of one new share for each five shares held; rights to expire Jan. 15, 1959 (with an oversubscription privilege). **Price**—$1.40 per share. **Proceeds** — To reduce bank loan; to increase working capital and for general corporate purposes. **Office**—617 W. 7th Street, Los Angeles, Calif. **Underwriter**—None.

★ **Meyer-Blanke Co.**
Dec. 29 (letter of notification) 13,500 shares of common stock (no par). **Price**—At the market (Midwest Stock Exchange). **Proceeds**—To selling stockholders. **Office**—310 Russell St., St. Louis, Mo. **Underwriter**—Smith Moore & Co., St. Louis, Mo.

Mid-Atlantic Marina, Inc., Baltimore, Md.
Oct. 28 (letter of notification) 60,000 shares of 7% preferred stock (par $3.50). **Price**—$5 per share. **Proceeds**—For construction of a marina. **Office** — Room 104, Old Town Bank Bldg., Baltimore 2, Md. **Underwriter**—Maryland Securities Co., Baltimore, Md.

★ **Milgo Electronic Corp.**
Dec. 29 (letter of notification) 35,000 shares of common stock (par $1) to be offered to employees under the Employees Stock Purchase Plan as follows: 2,000 shares to non-salaried employees; 28,284 shares to salaried employees and 4,716 shares to salaried and non-salaried future employees. **Price**—To salaried and non-salaried employees, $1 per share and to salaried and non-salaried future employees, $2.70 per share. **Proceeds**—For working capital. **Office**—7601 N. W., 37th Ave., Miami, Fla. **Underwriter**—None.

● **Military Publishing Institute, Inc.**
Dec. 9 (letter of notification) 125,000 shares of common stock (par 5 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—55 West 42nd Street, New York 36, N. Y. **Underwriter**—C. H. Abraham & Co., Inc., 565 Fifth Ave., New York 17, N. Y. **Offering**—Expected in latter part of January.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

Mississippi Chemical Corp., Yazoo City, Miss.
Dec. 24 filed 200,000 shares of common stock (par $5) and 8,000 shares of special common stock (par $75). **Price**—For common stock, $8.75 per share; for special common stock, $131.25 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. 30 filed 33,000 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each 10 shares held of record Jan. 21, 1959 (with an oversubscription privilege); rights to expire Feb. 9, 1959. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank loans incurred for the extension and improvement of gas distribution system. **Underwriters** — The First Boston Corp., New York, and The Robinson-Humphrey Co., Inc., Atlanta, Ga

Montana Power Co.
July 1 filed $20,000,000 of first mortgage bonds due 1988. **Proceeds** — Together with other funds, to be used to repay $15,500,000 in bank loans and to carry on the company's construction program through 1959. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Bros.; Merrill Lynch, Pierce, Fenner & Smith, and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Kidder Peabody & Co., Smith, Barney & Co. and Blyth & Co., Inc. (jointly). **Bids**—Had been expected to be received up to noon (EDT) on Aug. 26 at Room 2033, Two Rector St., New York, N. Y., but company on Aug. 22 again decided to defer sale pending improvement in market conditions.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers**—Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc.

★ **Mt. Ascutney Ski Area, Inc.**
Dec. 30 (letter of notification) 30,000 shares of class A common stock (par $5) and 3,500 shares of common stock (par $1). Buyers of class A stock have the right to purchase common stock on the basis of one share of common stock (par $1) for each 20 shares of class A stock purchased. **Price**—At par. **Proceeds**—To develop ski area. **Address**—P. O. Box 44, Windsor, Vt. **Underwriter**—None.

★ **Mutual Enterprises, Inc.**
Dec. 29 (letter of notification) 66,725 shares of class B common stock (par $1). **Price**—$2.87 per share. **Proceeds**—To lease or own warehouse facilities to simplify the handling of merchandise; buying of merchandise for resale, and for working capital. **Office** — 860 Raymond Ave., St. Paul 14, Minn. **Underwriter**—None.

National Theatres, Inc., Los Angeles, Calif.
Dec. 30 filed $20,000,000 5½% sinking fund subordinated debentures due March 1, 1974 and 485,550 common stock purchase warrants to purchase 121,387 shares of $1 par common stock to be offered in exchange for National Telefilm Associates, Inc. common stock at the rate of $11 of debentures and one warrant to purchase one-quarter of a share of National Theatres, Inc. stock for each NTA share. **Dealer-Managers**—Cruttenden, Podesta & Co., Cantor, Fitzgerald & Co., Inc. and Westheimer & Co.

● **Natural Gas Service Co. (1/12-16)**
Dec. 4 filed $200,000 of 6% subordinated income debentures due Jan. 15, 1984, and 40,000 shares of common stock to be offered in units of $20 of debentures and four shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures. **Office**—403 William St., Fredericksburg, Va. **Underwriter**—Kidder, Peabody & Co., Inc., New York.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Tex.

New Jersey Investing Fund, Inc., New York
Dec. 9 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Investment Adviser and Distributor**—Spear, Leeds & Kellogg, New York.

Northern Insurance Co. of New York
Dec. 5 filed 145,200 additional shares of capital stock (par $12.50) being offered for subscription by stockholders of record Dec. 23, 1958, at the rate of one new share for each two shares then held; rights to expire on Jan. 19. **Price** — $36 per share. **Proceeds** — To increase capital and surplus. **Underwriters**—The First Boston Corp. and Wood, Struthers & Co., both of New York.

★ **Northwest Natural Gas Co., Portland, Ore.**
Jan. 7 filed $7,000,000 of first mortgage bonds due Feb. 1, 1984. **Price**—To be supplied by amendment. **Proceeds**—To be used for partial payment of bank loans. **Underwriter**—Lehman Brothers, New York.

Nylonet Corp.
Nov. 24 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For working capital. **Office**—20th Ave., N. W. 73th St., Miami, Fla. **Underwriter**—Cosby & Co., Clearwater, Fla.

O. K. Rubber Welders, Inc.
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965, $692,000 of 6% debentures maturing on or before Dec. 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965. The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None.

Odlin Industries, Inc.
Nov. 12 filed $250,000 of 5½% convertible debentures and 250,000 shares of common stock (par 10 cents). **Price**—Debentures at 100% and stock at $3 per share. **Proceeds**—To purchase a textile mill, machinery, equipment and raw materials, and to provide working capital. **Office**—375 Park Ave., New York, N. Y. **Underwriter**—Harris Securities Corp., New York, N. Y., on a best efforts basis.

Oil, Gas & Minerals, Inc.
Nov. 16 (letter of notification) 116,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Proceeds**—For development of oil and gas properties. **Office**—513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La.

Ontario (Province of), Canada (1/14)
Dec. 22 filed $75,000,000 of 25-year debentures due Feb. 1, 1984. **Price** — To be supplied by amendment. **Proceeds** — For capital expenditures. **Underwriters** — Harriman Ripley & Co., Inc. and Wood, Gundy & Co., Inc., both of New York.

Oppenheimer Fund, Inc.
Dec. 5 filed 100,000 shares of capital stock. **Price**—At market (about $10 per share). **Proceeds**—For investment. **Office**—25 Broad St., New York. **Underwriter**—Oppenheimer & Co., New York. **Offering** — Expected sometime in February.

★ **Pacific Automation Products, Inc.**
Dec. 31 filed 60,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

★ **Paramount Mutual Fund, Inc.**
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills, Calif. **Underwriter**—Paramount Mutual Fund Management. Co.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1988. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions.

● **Pennsylvania Power & Light Co.**
Dec. 17 filed 295,841 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 20 shares then held; rights to expire on Jan. 26. Employees will be given a contingent subscription privilege. **Price**—$50 per share. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Underwriters**—The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

Pioneer Trading Corp., Bayonne, N. J.
Nov. 10 filed 10,000 shares of $8 cumulative preferred stock, series A (par $100) and $1,000,000 of 8% subordinated debentures, series A, due Dec. 1, 1968 to be offered in units of a $500 debenture and five shares of preferred stock. **Price**—$1,000 per unit. **Proceeds** — For general corporate purposes. **Underwriter**—None.

★ **Plastic Applicators, Inc.**
Dec. 29 (letter of notification) $150,000 of 6% convertible sinking fund debentures due Jan. 2, 1969 and 30,000 shares of common stock (par $1). **Price**—Of debentures, at par; of stock, $5 per share. **Proceeds** — To purchase new equipment and for working capital. **Office**—7020 Katy Rd., Houston, Tex. **Underwriter**—A. G. Edwards & Sons, St. Louis 1, Mo.

Ponce de Leon Trotting Association, Inc.
Aug. 7 filed 650,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To pay current liabilities, for new construction and working capital. **Office**—Bayard, Fla. **Underwriter**—Robert L. Ferman Co., Inc., Miami, Fla. Statement effective Dec. 17.

Prairie Fibreboard Ltd.
Aug. 18 filed 209,993 shares of common stock (par $1.50) to be offered for sale to residents of Canada in the Provinces of Manitoba, Saskatchewan and Alberta and to residents of the United States "only in the State of North Dakota." **Price** — $3 per share. **Proceeds** — For construction purpose. **Office** —Saskatoon, Saskatchewan, Canada. **Underwriter**—Allied Securities Ltd., and United Securities, Ltd., both of Saskatoon, Canada.

★ **Producers Finance Co. of Arizona**
Dec. 22 (letter of notification) 300,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired by purchase of policies of insurance in the Producers Benefit Insurance Co. prior

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to July 1, 1954 and to certain designated employees. **Price**—At par ($1 per share). **Proceeds** — For working capital. **Office**—765 West Main St., Mesa, Ariz. **Underwriter**—None.

★ Putnam Growth Fund, Inc., Boston, Mass.
Jan. 2 filed (by amendment) an additional 500,000 shares of beneficial interest. **Price**—$15.76 per share. **Proceeds**—For investment.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Remo Corp., Orlando, Fla.
Sept. 22 filed 100,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter** — Citrus Securities Co. Orlando, Fla.

● Resistoflex Corp., Roseland, N. J. (1/13-14)
Dec. 24 filed 100,000 shares of common stock, of which 50,000 shares are to be offered for the account of the company and 50,000 shares for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for working capital. **Underwriter**—Bache & Co., New York.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Rochester Telephone Corp. (1/12)
Dec. 18 filed 195,312 shares of common stock (par $10) to be offered for subscription by common stockholders of record Jan. 9, 1959 on the basis of one new share for each six shares then held; rights to expire on Jan. 26. **Price**—To be supplied by amendment. **Proceeds**—To repay bank borrowings. **Underwriter**—The First Boston Corp., New York.

● Rohr Aircraft Corp. (1/22)
Dec. 29 filed 300,000 shares of additional common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank loans and to increase working capital. **Underwriters**—The First Boston Corp., New York, and Lester, Ryons & Co., Los Angeles, Calif.

Routh Robbins Investment Corp.
Sept. 22 filed $1,000,000 of 10-year 6% cumulative convertible debentures and 99,998 shares of common stock. **Price**—Of debentures, at par (in units of $100 each); and of stock, $1 per share. **Proceeds** — For investments and working capital. **Office**—Alexandria, Va. **Underwriter**—None.

St. Paul Ammonia Products, Inc.
Dec. 29 filed 250,000 shares of common stock (par 2½ cents), to be offered for subscription by common stockholders at the rate of one new share for each four shares held. **Price**—$2.50 per share. **Proceeds**—For additional working capital. **Office**—South St. Paul, Minn. **Underwriter**—None.

● St. Regis Paper Co.
Dec. 11 filed 288,450 shares of common stock (par $5), being offered in exchange for outstanding shares of capital stock of F. J. Kress Box Co. on the basis of 2¼ Shares of St. Regis common for each share of capital stock of Kress. St. Regis will declare the exchange offer effective if 95% of the outstanding shares of Kress stock are deposited in exchange and may elect to do so if a lesser per cent, but not less than 80%, of Kress shares, are so deposited. Statement effective Dec. 29, 1958.

San Diego Gas & Electric Co. (1/8)
Dec. 8 filed $15,000,000 of sinking fund debentures due Jan. 15, 1984. **Proceeds**—Toward the cost of additions to utility property. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler, Kuhn, Loeb & Co. and American Securities Corp. (jointly); Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received up to 8:30 a.m. (PST) on Jan. 8 at room 1200, 111 Sutter St., San Francisco 4, Calif.

San Diego Imperial Corp., San Diego, Calif.
Dec. 9 filed 845,000 shares of common stock, to be offered in exchange for all of the 45,000 outstanding shares of capital stock of Silver State Savings & Loan Association and 3,000 shares of capital stock of Silver State Insurance Agency, Inc., both of Denver, Colo.

Seiberling Rubber Co. (1/19)
Dec. 23 filed 106,841 shares of common stock to be offered to common stockholders on the basis of one new share for each four shares held on or about Jan. 19, 1959; rights to expire on Feb. 4. **Price**—To be supplied by amendment. **Proceeds** — Together with a proposed $3,000,000 term loan, will be used for general corporate purposes including working capital. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share. **Proceeds**—To go to a selling stockholder. **Office**—400 W. Vickery Blvd., Fort Worth, Tex. **Underwriter**—Kay & Co., Inc., Houston, Tex.

Shares in America, Inc., Washington, D. C.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office** — 1033-30th St., N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp.

● Silicon Transistor Corp. (1/9-13)
Dec. 4 filed 200,000 shares of common stock (par 20 cents). **Price**—$3 per share. **Proceeds**—To purchase equipment, increase present inventories, and for working capital. **Office**—150 Glen Cove Road Carle Place, N. Y. **Underwriter**—None. Arnold Malkan, President, located at 565 Fifth Avenue, New York 17, N. Y., will subscribe for 100,000 shares if other 100,000 shares are sold publicly.

Sire Plan of Elmsford, Inc., New York
Nov. 10 filed $250,000 of 6% 10-year debentures and 5,000 shares of 6% participating preferred stock (par $50) to be offered in units of a $50 debenture and one share of preferred stock. **Price**—$100 per unit. **Proceeds**—For acquisition of motels. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Slick Oil Corp., Houston, Texas
Dec. 8 filed $1,500,000 of participating interests in the corporation's joint venture program, to be offered in minimum amounts of $15,000, payable 20% down and the balance upon demand during 1959. **Proceeds**—To assemble and acquire interests in Canada and Continental United States. **Underwriters**—Rowles, Winston & Co., Houston, Tex., and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering** — Expected early in January.

● Smith-Corona Marchant, Inc. (1/15)
Dec. 24 filed $7,443,100 of convertible subordinated debentures due Jan. 1, 1979 to be offered for subscription by common stockholders on the basis of $100 principal amount of debentures for each 25 shares of stock held on or about Jan. 15; rights to expire on or about Jan. 29. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—Lehman Brothers, New York.

● Southern California Edison Co. (1/20)
Dec. 24 filed 500,000 shares of common stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

● Southern California Water Co. (1/14)
Dec. 22 filed $2,000,000 of convertible subordinated debentures, due Jan. 1, 1979. **Price**—To be supplied by amendment. **Proceeds**—To retire short-term bank loans, and the balance for construction program. **Underwriters**—Dean Witter & Co., Chicago, Ill., and Smith, Polian & Co., Omaha, Neb.

● Southern California Water Co. (1/14)
Dec. 22 filed 43,800 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriters**—Dean Witter & Co., Chicago, Ill., and Smith, Polian & Co., Omaha, Neb.

Southern Gulf Utilities, Inc.
Dec. 15 (letter of notification) 127,659 shares of common stock (par five cents). **Price**—$2.35 per share. **Proceeds**—For payment of loan and account payable; and for working capital. **Office**—6930 N. W. 27th Ave., Miami, Fla. **Underwriter**—Ross Securities, Inc., New York, N. Y. **Offering**—Expected this week.

Southern Natural Gas Co. (1/20)
Dec. 18 filed $35,000,000 20-year first mortgage pipe line bonds due 1979. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 20 in Room 1130, 90 Broad St., New York, N. Y.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

★ Sprouse Realty Corp.
Dec. 18 (letter of notification) 30,000 shares of 5% cumulative preferred stock to be offered for subscription by stockholders and employees of Sprouse-Reitz Co., Inc. and affiliates and principal stockholders of realty liens. **Price**—At par ($10 per share). **Proceeds**—To purchase and develop rental property; construction and for working capital. **Office**—2175 N. W. Upshur St., Portland 10, Ore. **Underwriter**—None.

Spur Oil Co. (1/12-16)
Dec. 15 filed 1,000,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with $6,500,000 of borrowings, will be used for the acquisition of Spur Distributing Co., Inc., and for general corporate purposes. **Office**—Eighth Ave. South and Bradford Ave., Nashville, Tenn. **Underwriter** — Equitable Securities Corp., Nashville, Tenn.

Standard Sign & Signal Co.
Dec. 17 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To promote and expand the development of the Safety School Shelter business. **Office**—c/o Brown Kendrick, 6130 Preston Haven Drive, Dallas, Texas. **Underwriter**—Sano & Co., New York, N. Y. **Offering**—Not expected until after Jan. 31, 1959.

State Life, Health & Accident Insurance Co.
July 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be invested in stocks and bonds and to acquire other life insurance companies. **Address**—P. O. Box 678, Gulfport, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

Surrey Oil & Gas Corp., Dallas, Tex. (1/15)
Nov. 12 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To retire current liabilities and for drilling and exploration costs and working capital. **Underwriter**—Peter Morgan & Co., New York.

★ Templeton Furniture Co., Inc.
Dec. 30 (letter of notification) 5,000 shares of 7% cumulative preferred stock (par $15) and 25,000 shares of common stock (par $1), to be offered in units of one share of preferred stock and five shares of common stock. **Price**—$20 per unit. **Proceeds**—To reduce accounts payable and increase working capital. **Office**—Flat St., Brattleboro, Vt. **Underwriter**—None.

Tower Merchandise Mart, Inc., Boulder, Colo.
Nov. 10 filed 500,000 shares of common stock (par $5). **Price**—$10 per share. **Proceeds**—For working capital and construction program. **Underwriter**—Allen Investment Co., Boulder, Colo.

Tractor Supply Co. (1/12-15)
Dec. 18 filed 480,000 outstanding shares of class A common stock (par $1). **Price**—To be supplied by amendment (expected at around $12 per share). **Proceeds**—To selling stockholders. **Office** — 2700 North Halsted St., Chicago, Ill. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

★ Transcontinental Gas Pipe Line Corp.
Jan. 7 filed $35,000,000 of first mortgage pipe line bonds, due 1979. **Price** — To be supplied by amendment. **Proceeds**—For property additions and improvements and/or to reduce outstanding notes under company's revolving credit agreement. **Underwriters** — White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

● Trout Mining Co.
Dec. 2 filed 280,763 shares of common stock, of which 278,043 shares are being offered for subscription by holders of company's common stock of record Dec. 31, 1958, on the basis of three new shares for each share to be held following a distribution to stockholders of record Dec. 5, 1958 of American Machine & Metals, Inc. There will be an oversubscription privilege. Rights will expire on Jan. 16. The remaining 2,720 shares are to be offered to certain employees. **Price**—$1 per share. **Proceeds**—For working capital. **Underwriter**—None.

● United Asbestos Corp. Ltd.
Dec. 12 filed 1,000,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—132 St. James Street West, Montreal, Quebec, Canada. **Underwriter**—Allen & Co., New York. **Offering**—Expected today, (Jan. 8).

● United Pacific Aluminum Corp. (1/15-20)
Dec. 18 filed 100,000 shares of common stock (par $1). **Price**—$8 per share. **Proceeds**—To purchase an additional cold rolling mill and for general corporate purposes. **Office**—5311 Avalon Blvd., Los Angeles, Calif. **Underwriters**—D. H. Blair & Co., New York, and Stern, Frank, Meyer & Fox, Los Angeles, Calif.

United Security Life & Accident Insurance Co.
Aug. 22 filed 120,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—To provide the reserves required to be held in life and accident insurance policies, and to pay the necessary expenses in producing insurance. **Office**—Louisville, Ky. **Underwriter**—None. Edmond M. Smith, is President.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

★ Vanadium-Alloys Steel Co.
Dec. 29 (letter of notification) 1,345 shares of capital stock (par $5) to be offered to employees. **Price**—Equivalent to the last sales price on the American Stock Exchange on the day preceding the acceptance of the offer. **Proceeds**—For working capital. **Underwriter**—None.

● Vita Food Products, Inc. (1/12-16)
Dec. 16 (letter of notification) 12,000 shares of common stock (par 25 cents) issued as part of the consideration paid by the company for Mother's Food Products, Inc. **Price**—To be related to market price on the American Stock Exchange. **Proceeds** — To Jesse C. and Bernard Goodwin. **Office**—644 Greenwich St., New York, N. Y. **Underwriter**—Granbery, Marache & Co., 67 Wall St., New York, N. Y.

● Vocaline Co. of America, Inc.
Nov. 10 (letter of notification) 21,500 shares of common stock (par $1.50). **Price**—To be supplied by amendment

(approximately $2.25 per share). **Proceeds** — To repay short-term bank loan; reduce accounts payable; acquire inventory and the balance for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, New York N. Y. Letter withdrawn.

Wen Wood Organizations, Inc.
Dec. 18 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For land development and home construction in Florida and for general corporate purposes. **Office**—62 Third Ave., Mineola, L. I., N. Y. and 2259 Bee Ridge Road, Sarasota, Fla. **Underwriter**—Michael G. Kletz & Co., Inc., 30 Rockefeller Plaza, New York, N. Y.

West Ohio Gas Co.
Nov. 17 filed 37,615 shares of common stock (par $5) being offered for subscription by common stockholders of record Dec. 6, 1958, at the rate of one new share for each 10 shares then held; rights to expire on Jan. 9. **Price**—$15 per share. **Proceeds** — For construction program. **Office**—319 West Market St., Lima, O. **Underwriter**—None. Statement effective Dec. 15.

Willer Color Television System, Inc.
April 2 (letter of notification) 72,035 shares of common stock (par $1) of which 10,000 are being offered to stockholders at $2 per share (rights to expire on Jan. 17), and the remaining 62,055 shares are being publicly offered at $3 each. **Proceeds**—For general corporate purposes. **Office**—151 Adell Avenue, Yonkers, N. Y. **Underwriter**—Edwin Jefferson, 39 Broadway, New York 6, N. Y. Statement effective Nov. 18.

Wilmington Country Club, Wilmington, Del.
Oct. 27 filed $500,000 of debentures due 1991 (non interest bearing) and 800 shares of common stock (par $25) to be offered to members of this club and of Concord Ltd. **Price**—$375 per common share and $1,000 per debenture. **Proceeds** — To develop property and build certain facilities. **Underwriter**—None.

Prospective Offerings

Alabama Power Co. (4/30)
Dec. 10 it was announced that the company plans the issue and sale of $20,000,000 of 30-year first mortgage bonds. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Planned for April 3. **Bids**—Expected to be received on April 30.

American Natural Gas Co.
Dec. 15 it was announced that the company has filed an application with the SEC for the issuance of 486,325 additional shares of common stock (par $25) in the early months of 1959 to stockholders under rights on the basis of one new share for each 10 shares held (with an over-subscription privilege). **Price**—To be determined just prior to offering. **Proceeds**—To be used as the equity base for the financing of substantial expansion programs of system companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Drexel & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.

Central Bank & Trust Co., Great Neck, L. I., N. Y.
Dec. 31 it was announced that the stockholders will vote on Jan. 31 on approving a proposed subscription offering of 38,503 additional shares of capital stock. **Price**—$20 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Columbia Gas System, Inc.
Dec. 1 it was reported that the company may issue and sell additional common stock in the first half of 1959. **Proceeds**—To repay outstanding bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, White, Weld & Co., Shields & Co. and R. W. Pressprich & Co. (jointly); Morgan Stanley & Co.

Denmark (Kingdom of)
Sept. 2 it was reported that an issue of between $20,000,000 to $30,000,000 may possibly be placed on the American market this year. **Underwriter**—Kuhn, Loeb & Co., New York.

★ **Eastern Utilities Associates**
Jan. 5 the trustees approved an offering in early March of 96,765 additional shares of common stock to common stockholders on the basis of one new share for each 12 shares held. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Stone & Webster Securities Corp.

Equitable Gas Co.
July 18 it was announced that the company expects later in the year to issue and sell additional securities, probably preferred stock, to secure approximately $5,000,000 of additional funds. **Proceeds**—Together with $7,000,000 from private sale of 4½% bonds, to repay short-term bank loans and for construction program. **Underwriters**—May be The First Boston Corp.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith; and White Weld & Co., all of New York.

First City National Bank
Sept. 19 it was announced Bank plans to offer to its stockholders of record Oct. 2, 1958 the right to subscribe for 125,000 additional shares of capital stock (par $20) on the basis of one new share for each 10 shares held; rights to expire on Jan. 10, 1959. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Office**—931 Main Street, Houston 1, Texas.

First National Bank & Trust Co., Tulsa, Okla. (1/13)
Nov. 25 it was reported that the stockholders of the Bank will vote on Jan. 13 to approve a plan to offer 100,000 shares of additional capital stock (par $10) on about a one-for-six basis to stockholders of record Jan. 13, 1959. **Price**—$27 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Oklahoma City, Okla.

Georgia Power Co. (9/10)
Dec. 10 it was announced that the company plans to issue and sell $18,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Lehman Brothers; The First Boston Corp.; Morgan Stanley & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Registration**—Planned for Aug. 14. **Bids**—Expected to be received on Sept. 10.

Great Atlantic & Pacific Tea Co., Inc.
Feb. 19 it was reported a secondary offering of common voting stock is expected this year. **Underwriters** — May include: Blyth & Co., Inc.; Lehman Brothers and Smith, Barney & Co.

Gulf Power Co. (4/2)
Dec. 10 it was announced that the company plans to issue and sell $7,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Salomon Bros. & Hutzler and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Registration**—Planned for March 6. **Bids**—Expected to be received on April 2.

Illinois Bell Telephone Co. (2/25)
Dec. 24 it was announced company plans to issue and sell $50,000,000 first mortgage bonds dated March 1, 1959 and due March 1, 1994. **Proceeds**—For improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Feb. 25.

Interstate Motor Freight System, Inc. (Mich.)
Dec. 1 it was reported that the company plans to issue and sell 125,000 shares of common stock. **Underwriters**—A. C. Allyn & Co., Inc. and Walston & Co., Inc. **Offering**—Expected any day.

Japan (Empire of)
Aug. 20 it was stated that an issue of between $25,000,000 and $30,000,000 of bonds may soon be publicly offered on the American market. **Proceeds**—For public works projects, etc. **Financial Adviser**—The First Boston Corp., New York.

Kansas Gas & Electric Co.
March 31, G. W. Evans, Chairman, announced that company plans to sell some bonds originally scheduled for mid-year of 1958. The proposed sale was subsequently deferred until early 1959. **Proceeds** — About $8,000,000 for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co., and Goldman Sachs & Co. (jointly).

Kansas Power & Light Co.
Feb. 14 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1988. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore Forgan & Co.; Harriman Ripley & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Equitable Securities Corp

Laboratory for Electronics, Inc.
July 3, Henry W. Harding, President, announced that the directors are currently considering refinancing $790,000 of outstanding notes ($658,750 held by a principal stockholder and $131,250 by a bank) on a more permanent basis. This may be done through equity or convertible debenture financing. **Office**—75 Pitts St., Boston, Mass.

Mercantile National Bank, Dallas, Texas.
Dec. 15 it was announced that the stockholders will vote Jan. 20 on authorizing the issuance of 125,000 additional shares of common stock on the basis of one new shares for each 10 shares held. **Price**—$26 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Rauscher, Pierce & Co., Inc. and First Southwest Co., both of Dallas, Texas.

Miami Window Corp.
Dec. 15 it was reported that the company plans issuance and sale of $2,500,000 6½% debentures due 1974 (with attachable warrants—each $1,000 debenture to carry a warrant to buy 200 shares of common stock at $3 per share). **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill., and Clayton Securities Corp., Boston, Mass. **Registration**—Expected about mid-January.

Michigan Bell Telephone Co.
Aug. 12 directors approved plans to sell $40,000,000 of 34-year debentures. **Proceeds**—To redeem a like amount of 4¾% debentures due November, 1992. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Had been tentatively scheduled to be received on Sept. 16, but on Aug. 26 it was voted to postpone this refunding program because of present market conditions.

Mississippi Power Co. (6/25)
Dec. 10 it was announced that this company plans to issue and sell $5,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 29. **Bids**—Expected to be received on June 25.

National State Bank, Newark, N. J. (1/23)
Dec. 22 it was announced that stockholders will vote Jan. 13 on approving the proposed offering of about 80,000 shares of common stock to stockholders of record about Jan. 23, 1958, on the basis of one new share for each six shares then held; rights to expire on Feb. 16. **Price**—$50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Clark, Dodge & Co., New York.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio.

North American Van Lines, Inc.
Nov. 20, James D. Edgett, President, announced company plans early in 1959 to make a public offering of its stock, and has applied to the Interstate Commerce Commission for authority to do so.

Northern Illinois Gas Co.
Dec. 12 it was reported that the company will sell in 1959 about $35,000,000 of new securities, including some first mortgage bonds, in addition, there is a possibility of a preferred stock issue and raising of some funds through common stock financing, "perhaps in the form of convertible debentures." **Proceeds**—For capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co., Inc.

Northern Indiana Public Service Co.
Dec. 29 it was reported that the company plans sale of from $25,000,000 to $30,000,000 of first mortgage bonds due 1989. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); Eastman Dillon, Union Securities & Co.; The First Boston Corp.; White, Weld & Co.; Dean Witter & Co.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Harriman Ripley & Co., Inc. **Bids**—Expected to be received before April 1.

Northern States Power Co. (Minn.)
Dec. 3, Allen S. King, President, announced that the company plans about the middle of 1959 to put out a common stock issue and possibly a $15,000,000 preferred stock issue if there is a satisfactory market. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders (1) For preferred stock: Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Harriman Ripley & Co., Inc. and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. (2) For common stock: Lehman Brothers and Riter & Co. (jointly); The First Boston Corp., Blyth & Co., Inc. and Kuhn, Loeb & Co. (jointly); White, Weld & Co. and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith.

Pacific National Bank of San Francisco (1/13)
Dec. 12 directors approved proposed offering of 74,511 additional shares of new capital stock to stockholders of record Jan. 13 at the rate of one new share for each three shares held; rights will expire on Feb. 3. **Underwriters**—Blyth & Co., Inc. and Elworthy & Co., both of San Francisco, Calif.

Public Service Co. of Indiana, Inc. (2/17)
Dec. 8 it was announced that the company will issue $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans incurred for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; Harriman Ripley & Co., Inc. **Bids**—Expected to be received on Feb. 17.

Rockland-Atlas National Bank of Boston, Mass. (1/20)
Dec. 16 it was announced it will offer its stockholders of record Jan. 20, 1959, an additional 40,000 shares of capital stock (par $10) on the basis of one new share for each 6½ shares held. The offering period will last for about two weeks. **Proceeds**—To increase capital and surplus. **Underwriter**—May be The First Boston Corp., New York.

South Coast Corp.
Oct. 27 it was reported that the company is planning some long-term financing. **Proceeds** — To replace an interim loan obtained in connection with the purchase of properties from Gulf States Land & Industries, and 4¼% bonds due 1960. **Underwriter** — May be Hornblower & Weeks, New York.

Southern Co. (2/4)
Dec. 10 it was announced that the company plans to raise early in 1959 between $40,000,000 and $45,000,000 through the public sale of common stock. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Morgan Stanley & Co., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Eastman Dillon, Union Securities & Co. and Equitable

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Securities Corp. (jointly); Lehman Brothers. **Bids**—Expected up to 11 a.m. (EST) on Feb. 4 at 250 Park Ave., New York, N. Y. **Registration**—Planned for Jan. 9.

Southern Electric Generating Co. (5/28)
Dec. 10 it was announced that the company plans to issue and sell $25,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 1. **Bids**—Expected to be received on May 28.

Southwestern Bell Telephone Co.
July 10 it was announced Missouri Public Service Commission authorized the company to issue $110,000,000 of 35-year debentures. **Proceeds** — To refund outstanding $100,000,000 4¾% debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Offering**—Has been postponed. Bids had been expected about Sept. 30, 1958.

Texas Eastern Transmission Corp.
Dec. 11 it was announced by W. Hargrove, Vice-President, that the corporation plans to raise about $90,000,000 through the sale of new securities (tentative plans call for the sale of bonds, debentures and preferred stock). **Proceeds**—To refund $30,000,000 of outstanding bank loans, and the balance will be used for capital expenditures. **Underwriter**—Dillon, Read & Co. Inc., New York.

Thomas & Betts Co.
Nov. 24 it was reported that the company plans early registration of about 250,000 to 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Smith, Barney & Co., New York. **Offering**—Planned for some time in January.

• Universal Oil Products Co.
Jan. 2 it was reported that an issue of common stock will be offered to the public, the proceeds of which may run between $60,000,000 and $80,000,000. Approval of the transaction rests with the New York State Supreme Court (expected within two months). **Proceeds**—To the Petroleum Research Fund of the American Chemical Society. **Underwriters** — May be Lehman Brothers, Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Smith, all of New York. **Offering** — Expected early in 1959.

★ Virginia Electric & Power Co. (6/2)
Jan. 5 it was reported that the company plans the sale of from $20,000,000 to $25,000,000 of additional common stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 2.

Virginian Ry.
Aug. 26 the directors approved a proposal to exchange 2,795,500 shares of 6% cumulative preferred stock (par $10) for $32,148,250 new 6% subordinated income sinking fund debentures to mature Aug. 1, 2008 on the basis of $11.50 principal amount of debentures for each preferred share. Offer began on Nov. 17 and will expire on Jan. 16. **Dealer-Manager**—Harriman Ripley & Co. Inc., New York.

Wisconsin Power & Light Co.
March 17 it was announced that company plans to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co., Inc. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp. **Offering**—Not expected until early in 1959.

Worcester Gas Light Co.
Aug. 18 it was reported that the company plans the sale of $5,000,000 first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Estabrook & Co. and Coffin & Burr, Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Railroad Securities

Union Pacific

Earnings of Union Pacific System for 1958 are estimated at around $3.25 a common share, off only slightly from the $3.34 a share reported for 1957. This excellent showing was made despite a drop in "other income," principally from oil and gas revenues.

Higher interstate rates and some increases in intrastate rates were factors in offsetting a drop of 6.3% in carloadings. For the 10 months through October, gross revenues were off only 3.7%. Operating expenses were down during the period by 3.3%, and Federal income taxes and equipment rental charges also were reduced, with a result that net operating income actually showed an increase of 4.9%.

Oil and gas revenues reflected a drop of about $4 million during the period, reducing this source of income by some 10.6%. This cut final net income for the first 10 months to $2.59 a common share as compared with $2.74 a share in the like months of 1957.

Traffic of the Union Pacific was affected less than the average during the business recession. This was because of the large amount of agricultural products and other stable commodities carried. Favorable traffic conditions have held stable, particularly since September, and this condition is expected to continue. Lumber traffic has turned up and this traffic is one of the most important sources of revenue. It reached a peak in 1955, but declined in the two succeeding years, but the trend seems to be reversing in line with a pickup in building activity. Higher rates on this traffic also have added to income.

New industries in the territory served also has added to the carrier's revenues and income. Manufacturers and miscellaneous shipments through November were off only 1% from 1957, indicating that the decline in industry in the road's area was much less than for the nation as a whole. With population growth and continued industrial expansion underway, revenues are expected to expand in coming years. Benefits also are expected to be received from the elimination of the 3% excise tax on freight and from the Transportation Act of 1958 which limited exemption of private truck hauling of agricultural products from Interstate Commerce Commission regulation.

Union Pacific this year should show improved income not only from the good traffic outlook but from better control of operating expenses. While the road has had a liberal maintenance program, it has been slow in dieselizing. It is a long haul carrier, averaging some 600 miles, or about double the Class I average and also has fairly heavy density. Steam power now has been practically eliminated and 30 new gas turbine freight locomotives are now on the line, which should lead to further economies of operation.

At the end of 1957, the road had 763 oil wells in the Wilmington field. The company also shares production with other oil firms on percentages basis in 153 oil wells and 48 gas wells in other areas. The output in the Wilmington field obviously is past its peak and the road is increasing expenditures for drilling on other property owned. It also has extensive mineral rights in Colorado and Wyoming which might also prove to be a valuable source of income as well as revenues.

In addition, U. P. has a large investment portfolio which has been a source of income. One of its most important holdings is 733,940 shares of Illinois Central common stock. Also, its 50% interest in Pacific Fruit Express is another source of income.

Despite large capital expenditures, Union Pacific's finances remain strong. As of Sept. 30, 1958, cash and equivalents stood at $100,332,000 against $122,912,000 at the end of the like 1957 month. There also was an increase of some $16 million in noncurrent accounts. Net working capital was $83,973,000 as compared with $81,995,000. Equipment debt maturities amount to only $3 million.

Duncan Miller V.-P. Of Laird & Co.

Duncan Miller, Manager of the Syndicate Department of Laird & Company, Corporation, 61 Broadway, New York City, members of the New York Stock Exchange, has been elected a Vice-President of the investment firm.

Joins Woolrych, Currier

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert M. Russell has become affiliated with Woolrych, Currier & Carlsen, 210 West Seventh Street. Mr. Russell was previously with Morgan & Co.

Our Reporter's Report

The atmosphere surrounding the investment markets, which has been considerably beclouded in recent weeks by impending financing plans of the Government, should be considerably clearer by the approaching week-end.

At any rate the Treasury is expected to make known its plans for raising the new cash it needs, and now is definitely believed set to use a long-term issue for at least part of such funds.

Word was around that announcement of its program probably would be forthcoming late today. But it was recalled that on the last occasion, such guessing was proved to be a bit premature.

It is reasoned in some circles that the Treasury probably will forego such announcement until the markets have closed for the week. The aim, of course, would be to avert any disturbance one way or the other in response to its terms.

Even, if, as now expected, the Treasury discloses its hand over the week-end, feeling is that it will be well along into the month before the full effect of its proposals have been felt and the market is able to definitely chart its course.

By waiting until late Friday or Saturday morning, to set forth its program and terms of the new issue or issues involved, the Treasury would afford prospective buyers the entire weekend in which to consider the situation.

Never Satisfied

Even negotiated undertakings were reported a bit slow in moving to investors in the early stages of public offering this week, in the corporate field that is.

Household Finance Corp's $30 million of 25-year, sinking fund debentures, due 1989 were brought out carrying a 4⅝% coupon and priced to afford a yield of around 4.70%.

Designed to provide funds for repayment of short-term debt the debentures were said to be sluggish at least at the outset.

Repeat Performance

Meanwhile, preliminary inquiry for C.I.T. Financial Corp.'s $75 million of new 20-year debentures was likewise reported as on the slow side.

It was indicated that the coupon rate here would also be 4⅝% and the yield approximately the same, or 4.70%. The 20-year maturity seemingly would fit well into many portfolios.

But again buyers, for the moment at least, appeared to be only looking, moving observers to remark that "you just can't seem to satisfy them." But doubtless the determination to look over the Treasury's bill of fare was a bit of a factor.

The Week Ahead

Certainly next week's calendar of prospective new offerings is not of proportions to give the Treasury any competition. Largest undertaking, due on Thursday, is Province of Ontario's $75 million of debentures.

On Tuesday Commonwealth Edison Co. of Chicago will be opening bids for $20 million of new debentures and Gulf States Utilities will be marketing $10 million of new preferred.

Wednesday, General Telephone Co. of Florida has $12 million of preferred up for sale.

A couple of "rights" offerings round out, the slate with Rochester Telephone Corp., due to open books Monday on 195,312 shares and Champion Paper & Fiber Co. holders, on Thursday, slated to begin subscribing for $20,036,400 of convertible debentures.

Pennsylvania P. & L. Common Stock Offered

The Pennsylvania Power & Light Co. is offering to holders of its outstanding common stock the right to subscribe at $50 per share, for 295,841 additional shares of common stock (without nominal or par value) at the rate of one new share for 20 shares held of record Jan. 6, 1959. Subscription warrants will expire at 3:30 p.m. (EST) on Jan. 26.

The offering is being underwritten by a group of underwriters headed by The First Boston Corp. and Drexel & Co.

The net proceeds from the sale of the additional common stock will be added to the utility company's general funds, and such funds used for corporate purposes including construction expenditures and repayment of the company's $10,000,000 temporary bank loans incurred in 1958 to reimburse the treasury for capital expenditures.

The company derives about 99% of its operating revenues from supplying electric service, the balance from supplying steam heating service. It serves a 10,000 square mile territory in 29 counties of central eastern Pennsylvania having a population of approximately 2,220,000 which includes extensive agricultural and industrial sections and anthracite mining districts.

First Lumber Corp. Stock Offered at $6

Singer, Bean & Mackie, Inc., of New York City, on Dec. 31 publicly offered 50,000 shares of class A common stock (par $2) at $6 per share.

The net proceeds will be used to repay a loan from the Meadow Brook National Bank of Nassau County, and the balance will be added to the general working capital of the company.

The company was incorporated in New York State on Feb. 23, 1956. Its principal executive and sales offices are located at 1510 Jericho Turnpike, New Hyde Park, N. Y. The company is engaged in the business of buying and selling, both for its own account and as agents for others, lumber and wood products of varied types and grades. In addition the company mills lumber which it purchases directly from lumber producers located principally in the western portions of the United States and Canada. The company's sales operations extend throughout the United States with particular emphasis on the eastern portion of the United States.

On Dec. 19, 1958, certain newly organized wholly-owned subsidiaries of the company acquired from certain subsidiaries of Empire Millwork Corp. certain (1) fixed assets, (2) lumber inventory and (3) timber cutting. The acquired fixed assets were operated by the company from July 1, 1958 to the date of their acquisition, under an exclusive sales and management agreement. This acquisition included two saw mills, three planing mills and standing timber, land and miscellaneous assets, located in the States of Oregon and California, by virtue of which purchase the company and its subsidiaries will be engaged in the logging of timber and the milling, storing and sale of lumber. The present operations of the company can be divided into (1) sales and (2) milling and storing.

Giving effect to present financing, the outstanding capitalization of the company consists of 50,000 shares of class A common stock (par $2) and 150,113 shares of class B stock (par $2). This excludes 20,000 shares of class B common stock to be issued upon the exercise of class B common stock purchase warrants and 20,000 shares of class A common stock into which the class B common stock is exchangeable commencing Jan. 2, 1961.

With Blyth & Co.

(Special to The Financial Chronicle)

PORTLAND, Ore.—Thomas A. Gerhardt is now affiliated with Blyth & Co., Inc., Pacific Bldg.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Jan. 11	§74.5	*76.2	73.5	56.1
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 11	§2,109,000	*2,058,000	1,985,000	1,515,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 26	7,128,835	7,097,335	6,983,385	6,939,760
Crude runs to stills—daily average (bbls.)	Dec. 26	¶8,165,000	7,822,000	7,785,000	7,876,000
Gasoline output (bbls.)	Dec. 26	29,105,000	28,356,000	28,141,000	27,926,000
Kerosene output (bbls.)	Dec. 26	2,621,000	2,455,000	2,234,000	2,509,000
Distillate fuel oil output (bbls.)	Dec. 26	14,208,000	13,872,000	13,291,000	13,200,000
Residual fuel oil output (bbls.)	Dec. 26	7,987,000	7,553,000	6,536,000	8,019,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 26	181,635,000	178,599,000	173,600,000	194,165,000
Kerosene (bbls.) at	Dec. 26	26,155,000	27,936,000	31,932,000	28,754,000
Distillate fuel oil (bbls.) at	Dec. 26	130,410,000	138,182,000	161,439,000	151,769,000
Residual fuel oil (bbls.) at	Dec. 26	61,629,000	60,668,000	66,199,000	58,906,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 27	431,938	570,927	539,191	409,598
Revenue freight received from connections (no. of cars)	Dec. 27	488,876	546,505	530,163	458,354
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 1	$273,226,000	$307,597,000	$399,132,000	$259,236,000
Private construction	Jan. 1	61,992,000	121,925,000	160,005,000	120,818,000
Public construction	Jan. 1	211,234,000	185,672,000	239,127,000	138,458,000
State and municipal	Jan. 1	147,107,000	163,757,000	208,675,000	123,726,000
Federal	Jan. 1	64,127,000	21,915,000	30,452,000	14,732,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 27	5,895,000	*9,030,000	7,565,000	5,843,000
Pennsylvania anthracite (tons)	Dec. 27	450,000	558,000	371,000	272,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 27	205	304	171	158
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 3	12,364,000	12,379,000	13,017,000	11,692,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 1	169	185	294	203
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 29	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Dec. 29	$66.41	$66.41	$66.41	$66.42
Scrap steel (per gross ton)	Dec. 29	$39.83	$39.83	$40.17	$32.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 31	28.600c	28.600c	28.600c	26.575c
Export refinery at	Dec. 31	26.975c	27.025c	27.725c	22.100c
Lead (New York) at	Dec. 31	13.000c	13.000c	13.000c	13.000c
Lead (St. Louis) at	Dec. 31	12.800c	12.800c	12.800c	12.800c
‡Zinc (delivered) at	Dec. 31	12.000c	12.000c	12.000c	10.500c
Zinc (East St. Louis) at	Dec. 31	11.500c	11.500c	11.500c	10.000c
Aluminum (primary pig. 99%) at	Dec. 31	24.700c	24.700c	24.700c	26.000c
Straits tin (New York) at	Dec. 31	98.375c	99.000c	99.375c	91.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 6	85.96	85.53	88.38	93.63
Average corporate	Jan. 6	90.20	90.20	90.48	93.97
Aaa	Jan. 6	94.56	94.56	95.01	101.31
Aa	Jan. 6	93.08	93.23	93.23	97.94
A	Jan. 6	89.64	89.78	90.06	95.01
Baa	Jan. 6	84.17	84.04	84.30	83.15
Railroad Group	Jan. 6	88.40	88.27	88.54	91.19
Public Utilities Group	Jan. 6	90.06	90.20	90.34	94.56
Industrials Group	Jan. 6	92.35	92.35	92.64	96.38
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 6	3.83	3.88	3.57	3.04
Average corporate	Jan. 6	4.40	4.40	4.38	4.14
Aaa	Jan. 6	4.10	4.10	4.07	3.67
Aa	Jan. 6	4.20	4.19	4.19	3.88
A	Jan. 6	4.44	4.43	4.41	4.07
Baa	Jan. 6	4.85	4.86	4.84	4.93
Railroad Group	Jan. 6	4.53	4.54	4.52	4.33
Public Utilities Group	Jan. 6	4.41	4.40	4.39	4.10
Industrials Group	Jan. 6	4.25	4.25	4.23	3.98
MOODY'S COMMODITY INDEX	Jan. 6	389.4	389.4	392.5	392.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 27	(a)	255,176	259,412	307,873
Production (tons)	Dec. 27	(a)	295,919	286,263	213,154
Percentage of activity	Dec. 27	(a)	91	88	45
Unfilled orders (tons) at end of period	Dec. 27	(a)	364,444	369,636	376,218
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 5	110.38	109.15	110.54	108.51
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 13	2,856,000	2,657,090	2,996,500	1,439,940
Short sales	Dec. 13	441,370	410,010	616,710	268,600
Other sales	Dec. 13	2,362,540	2,037,880	2,340,070	1,116,820
Total sales	Dec. 13	2,803,910	2,447,890	2,956,780	1,385,420
Other transactions initiated on the floor—					
Total purchases	Dec. 13	555,110	581,310	740,440	343,600
Short sales	Dec. 13	40,800	36,900	35,200	25,900
Other sales	Dec. 13	500,640	548,440	626,820	352,490
Total sales	Dec. 13	541,440	585,340	662,020	378,390
Other transactions initiated off the floor—					
Total purchases	Dec. 13	883,490	900,570	1,060,270	456,097
Short sales	Dec. 13	200,860	125,840	218,860	104,000
Other sales	Dec. 13	1,091,355	858,765	1,061,428	419,320
Total sales	Dec. 13	1,292,215	984,605	1,280,288	523,320
Total round-lot transactions for account of members—					
Total purchases	Dec. 13	4,294,600	4,138,970	4,797,210	2,239,637
Short sales	Dec. 13	683,030	572,750	870,770	398,500
Other sales	Dec. 13	3,954,535	3,445,085	4,028,318	1,888,630
Total sales	Dec. 13	4,637,565	4,017,835	4,899,088	2,287,130
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Dec. 13	1,746,758	1,588,793	1,884,230	1,248,520
Dollar value	Dec. 13	$83,249,999	$73,836,477	$89,140,083	$48,138,353
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Dec. 13	1,780,255	1,550,232	1,884,693	1,154,535
Customers' short sales	Dec. 13	9,568	8,853	10,092	12,082
Customers' other sales	Dec. 13	1,770,687	1,541,379	1,874,601	1,142,453
Dollar value	Dec. 13	$84,157,800	$71,225,175	$90,715,850	$43,203,921
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 13	603,020	468,220	603,110	334,150
Short sales	Dec. 13	------	------	------	------
Other sales	Dec. 13	603,020	468,220	603,110	334,150
Round-lot purchases by dealers—					
Number of shares	Dec. 13	585,930	542,120	609,380	441,510
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Dec. 13	867,120	735,130	1,006,060	603,700
Other sales	Dec. 13	19,296,480	17,848,630	20,820,850	11,695,090
Total sales	Dec. 13	20,163,600	18,583,760	21,826,910	12,298,790
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 30	119.2	119.3	119.0	118.4
Farm products	Dec. 30	91.1	91.3	91.1	93.1
Processed foods	Dec. 30	108.6	108.7	108.5	108.0
Meats	Dec. 30	102.7	102.4	101.7	98.2
All commodities other than farm and foods	Dec. 30	127.2	127.2	127.0	125.8

*Revised figure. ¶Includes 1,079,000 barrels of foreign crude runs. §Based on new annual capacity of 140,742,570 tons as of Jan. 1, 1958, as against Jan. 1, 1957 basis of 133,459,150 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. (a) Not available.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of October:			
Total gas sales (M therms)	5,523,300	5,050,200	5,416,400
Natural gas sales (M therms)	5,393,200	4,952,800	5,278,100
Manufactured gas sales (M therms)	9,900	7,800	11,100
Mixed gas sales (M therms)	120,200	89,600	127,200
AMERICAN TRUCKING ASSOCIATION, INC.—Month of September:			
Intercity general freight transported by 385 carriers (in tons)	5,728,180	5,295,654	5,599,392
AMERICAN ZINC INSTITUTE, INC.—Month of November:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	65,174	65,304	79,754
Shipments (tons of 2,000 pounds)	83,606	93,244	83,166
Stocks at end of period (tons)	191,744	210,176	152,513
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Nov. 29:			
Imports	$250,822,000	$246,187,000	$268,094,000
Exports	347,699,000	353,638,000	459,495,000
Domestic shipments	15,861,000	16,509,000	8,906,000
Domestic warehouse credits	249,314,000	279,622,000	212,766,000
Dollar exchange	94,250,000	116,650,000	63,580,000
Based on goods stored and shipped between foreign countries	250,882,000	242,354,000	210,791,000
Total	1,208,828,000	1,254,960,000	1,223,632,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of November:			
Manufacturing number	190	215	213
Wholesale number	108	124	114
Retail number	550	657	559
Construction number	176	176	194
Commercial service number	97	99	93
Total number	1,121	1,271	1,173
Manufacturers' liabilities	$19,496,000	$12,141,000	$18,061,000
Wholesale liabilities	5,309,000	6,947,000	5,912,000
Retail liabilities	16,549,000	16,103,000	12,895,000
Construction liabilities	9,483,000	6,771,000	13,420,000
Commercial service liabilities	5,881,000	5,306,000	2,611,000
Total liabilities	$56,718,000	$47,268,000	$52,899,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of November	12,090	13,633	9,270
COAL OUTPUT (BUREAU OF MINES)—Month of November:			
Bituminous coal and lignite (net tons)	33,810,000	39,100,000	38,508,000
Pennsylvania anthracite (net tons)	1,585,000	*1,999,000	1,928,000
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers—Month of September (000's omitted)	49,215,267	48,919,378	47,382,105
Revenue from ultimate customers—month of September	$840,854,000	$836,479,000	$793,263,000
Number of ultimate customers at Sept. 30	55,942,467	55,830,000	54,948,670
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of November:			
Contracts closed (tonnage)—estimated	242,635	259,016	217,959
Shipments (tonnage)—estimated	271,088	307,080	334,083
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of October:			
Gas-fired furnace shipments (units)	106,800	107,300	82,600
Gas conversion burner shipments (units)	21,800	31,200	24,700
Gas-fired boiler shipments (units)	17,700	19,400	14,700
Domestic gas range shipments (units)	215,400	186,900	195,500
Gas water heater shipments (units)	256,300	230,600	234,700
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Nov.:			
Seasonally adjusted	141	138	139
Unadjusted	144	143	142
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of November (1947-49=100)	65.9	66.6	74.5
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES Month of September (millions of dollars):			
Inventories—			
Durables	$28,051	*$28,066	$31,820
Nondurables	21,199	*21,359	22,346
Total	$49,250	*$49,425	$54,166
Sales	26,639	*26,388	28,215
METAL OUTPUT (BUREAU OF MINES)—Month of August:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	148,402	146,528	164,344
Silver (in fine ounces)	2,417,095	2,533,256	3,082,433
Copper (in short tons)	67,039	61,222	86,876
Lead (in short tons)	19,414	20,983	27,718
Zinc (in short tons)	29,387	28,769	42,376
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of November:			
Total number of vehicles	609,570	331,817	670,367
Number of passenger cars	514,480	261,950	578,921
Number of motor trucks	94,915	69,737	91,701
Number of motor coaches	175	130	245
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of Nov.	£7,116,000	£24,753,000	£10,998,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of October:			
Production (barrels)	32,847,000	31,597,000	30,121,000
Shipments from mills (barrels)	36,615,000	34,767,000	30,847,000
Stocks (at end of month—barrels)	20,412,000	24,449,000	19,213,000
Capacity used (per cent)	98	98	98
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of October:			
Total operating revenues	$903,031,301	$846,947,921	$928,578,034
Total operating expenses	651,224,849	630,127,826	698,435,503
Taxes	108,958,035	96,274,875	106,727,719
Net railway operating income before charges	114,687,960	93,564,724	99,735,398
Net income after charges (estimated)	97,000,000	73,000,000	81,000,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Sept. (000's omitted):			
Savings and loan associations	$1,021,859	$995,170	$796,235
Insurance companies	135,951	129,859	123,566
Banks and trust companies	492,687	475,771	353,541
Mutual savings banks	170,394	169,183	121,439
Individuals	296,072	292,227	288,479
Miscellaneous lending institutions	479,045	472,411	343,153
Total	$2,596,008	$2,534,621	$2,026,413
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Sept. (000's omitted):			
Exports	$1,361,700	$1,395,900	$1,540,300
Imports	1,115,900	952,500	1,008,700

Mutual Funds

By ROBERT R. RICH

Institutional Fund Share Buying on Increase

A recent shareholder survey of 87 open-end (mutual fund) investment companies shows that 111,394 shareholder accounts are now held by fiduciaries and other institutional investors, the National Association of Investment Companies announced. The total value of these holdings was estimated at $793,066,000; the average account was valued at $7,119.

The new study indicates continuing acceptance of investment company shares by institutional investors when compared with surveys made in 1956 and 1957, the Association noted. Reporting companies indicated 89,559 institutional accounts as of September, 1957 and 61,494 at the same time in 1956.

The current study is based on data from companies representing 63.4% of assets of the Association's 146 mutual fund members on September 30, 1958. The 1957 study covered companies representing 79.7% of assets of the 136 mutual fund members in September 1957. In 1956, the study covered companies representing 70.3% of the 125 member companies' assets in June 1956.

Fiduciary investors — banks and individuals serving as trustees, guardians or administrators—are the largest institutional group, holding 87,832 accounts with a market value of $439,215,000. 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 11,409 accounts. The average account held by this group amounts to $11,211.

Business organizations—corporations, pension and profit sharing plans and unions — hold 8,617 accounts with a value of $164,988,000. The average account for this group was the largest—$19,146.

DIF Fund Asset Value Up 22.2%

Diversified Investment Fund, Inc., a balanced mutual fund investing in bonds and preferred stocks as well as common stocks, reports an increase in net asset value from $7.43 to $8.90 per share during the fiscal year ended Nov. 30. This is a gain of 22.2%.

According to the fund's annual report, year-end figures of $89,251,292 for total net assets and 27,482 in number of shareholders are new record highs.

The report makes clear that the substantial increase in total net assets is the result of (1) purchases of additional shares of the fund by existing and new shareholders; (2) higher market value for the fund's investments; and (3) acquisition during the year of the $16.6 million of assets of Manhattan Bond Fund, Inc.

Total net assets of Diversified Investment Fund, Inc. on Nov. 30 a year ago were $58,185,498, at which time the fund listed 19,083 shareholder accounts.

The report, signed by Chairman Wm. Gage Brady, Jr. and President Hugh W. Long, makes the point that "There is still some concern over the possibility of further inflation arising from the prospect of additional wage advances in industry and governmental deficits aggravated by the international military situation. Restrictive Federal Reserve policies and any other restraints deemed desirable by government authorities to influence the availability and cost of credit could retard further expansion of business activity, particularly in the housing field. Any prolonged or extensive labor unrest would also be detrimental to the economy.

"Viewing the economic scene as a whole, your management does not see any basic weaknesses in the business picture at this time and believes that the underlying forces responsible for the growth of the economy will continue to operate over the longer term."

At the 1958 year-end, 63.5% of the fund's total net assets were invested in common stocks, 27.1% in bonds and cash and 9.4% in preferred stocks.

Canadian Fund Inc. Reports Gains in Per Share & Assets

Canadian Fund, Inc., a mutual fund in the Calvin Bullock group, reported a net asset value per share of $18.09 at the end of its fiscal year on Nov. 30, 1958, which compares with $16.36 at November's end in 1957, Hugh Bullock, President, told shareholders in the annual report just released.

Total net assets of Canadian Fund, Inc. were $45,654,958 at the end of the 1958 fiscal year, a record high which compares with total net assets of $39,034,322 at 1957 fiscal year end, Mr. Bullock added.

During the past year 57 cents per share were distributed from realized capital gains as against 52 cents distributed from this source in 1957. Canadian Fund Inc. also paid four quarterly cash dividends totaling 43 cents per share during the year, the same paid in 1957.

Commenting on the Canadian economy, Mr. Bullock noted that it, like that of the United States, suffered a recession during the past year. "However," he noted, "according to recent estimates, the gross national product . . . should be somewhat above $32 billion as compared with $31.4 billion in 1957."

"This record is all the more commendable," Mr. Bullock said, "since Canada's economy, based essentially on raw materials, was adversely affected to a substantial degree by the business recession in the United States.

"Adverse developments that occurred in the area of raw materials, and which largely related to unfavorable economic developments, were offset by growth in other areas.

"The fact that the Canadian economy could take such serious setbacks and still advance during the year is an indication of Canada's inherent vitality," he said.

Christopher Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — John N. Mann has become affiliated with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange. He was formerly with Slayton & Co., Inc.

New GNP Record and 20% Profits Rise Expected by Simonson

A new all-time high in 1959 of $473 billion from Gross National Product and a raise of 20% in corporate profits over 1958 were among the predictions made Dec. 30 by Henry J. Simonson, Jr., President of National Securities & Research Corporation, sponsor and manager of the National Securities Series of mutual funds with assets of over $400 million. More than 300 metropolitan area investment dealers and salesmen heard these views expressed at a meeting at the Bankers Club of America at which the investment company's **1959 Forecast** was presented.

Record construction outlays, shifts in corporate inventory policy from liquidation to accumulation, new peacetime peaks in Federal, state and local government spending and a substantial rise in auto sales over 1958 are seen contributing to the $473 billion Gross National Product total. This would be about an 8% increase over this year's total and National considers it a sustainable but not a boom increase for a recovery year.

The investment company believes that common stock prices will reflect the improvement in business and industrial activity by continuing to move forward in a general upward trend with the usual temporary deviations and variance among individual issues.

Wage increases, higher employment and a longer average work week will, National feels, result in a major increase in labor income. This would be an important factor in the record $310 billion Personal Consumer Expenditures forecast by the investment company for 1959.

Cost controls effected during the recent brief recession appear to have lowered break even points for many manufacturing enterprises. As operating rates rise, National predicts wide gains in net profits in many industrial corporations, primarily those in the durable products field. Improved earnings are seen for producers of steel, cars, trucks, tires, auto accessories, building materials, non-ferrous metals, farm equipment, industrial machinery, electrical equipment, appliances and household furnishings.

Also seen headed for better earnings but at a somewhat slower rate are container manufacturers, producers of petroleum products, food items, shoes and leather, tobacco, chemicals, drugs, office equipment and electronic devices.

Brighter prospects for the nation's railroads in the coming year are seen with net income of Class I carriers expected to rise to the vicinity of $750 million from about $600 million this year. The Forecast states, "We expect that eastern railroads will register the greatest improvement though western and southern systems should gain over a strong 1958 showing."

The investment company believes retail trade will enjoy record sales of about $212.5 billion in 1959, up about 6% over 1958. Greater demand for various types of credit will be reflected in higher earnings for banks and finance companies, in the opinion of the funds' managers.

In the field of Federal legislation, National believes programs for public housing, highway construction, farm price supports and aids to small business will be supported by both parties. Military spending is also expected to rise.

The Forecast looks for strong Congressional pressure for easier credit conditions, but adds, "We do not believe the Federal Reserve Board will abandon its fight against inflation in the year ahead."

The 1959 Forecast contains estimated earnings and dividends per share for 65 industrials, 25 utilities and 40 railroads. Mr. Simonson announced at the meeting that National expects to distribute more than 600,000 copies of the study through investment dealers across the nation.

Group's Owners Receive Unique Tax Report Service

A precise statement of the Federal tax status of all dividends and securities profits individually received by each shareholder in 1958 has been mailed to the 43,244 shareholders of Group Securities, Inc., according to Walter J. Boyd, Vice-President and Treasurer of this leading investment company.

"Each statement," he explained, "shows the exact dollars and cents amount reportable in the several tax categories, thus making it unnecessary for the shareholder to bother with any detail as to the number of shares owned, per share dividend rates, etc. The statement is in duplicate so our shareholders can clip one copy to their tax return and keep the second for their personal records. We also include a general tax-information bulletin that explains the basis of the computation of the shareholder's personalized statement, as well as a table of state tax laws that may affect him.

"This unique service is only possible," Mr. Boyd said, "through a highly mechanized IBM system of accounting and record-keeping. Even where a shareholder owns more than one Group fund, we are able to supply an integrated statement."

Mr. Boyd said that the Group Securities tax service, now five years old, produces an annual harvest of "thank you" letters. He noted that investors using Group's Periodic Investment Plan are particularly appreciative of being spared going over many receipts and reinvestment notices.

Wellington Sees Record Corporate Profits for 1959

"Profits of leading United State corporations in 1959 should reach new all time peaks," according to Walter L. Morgan, President of The Wellington Company and affiliates, investment advisors of Wellington Fund and Wellington Equity Fund. These two mutual funds have total resources which exceed $840,000,000, owned by more than 280,000 shareholders.

"Based on our research department's comprehensive sampling of 110 large corporations in 24 major industry groups," Mr. Morgan said, "we currently estimate that corporate profits during the coming year will be about 6% higher than during the previous peak reached in 1957, and about 25% above 1958 levels."

The Wellington Company chief executive stated that dividends paid by these 110 corporations are also expected to rise in 1959, although by a smaller amount than earnings. He noted that dividends in the past year were maintained on balance at 1957 levels despite the earnings decline.

Mr. Morgan expects the business recovery to continue during 1959, although at a somewhat slower rate than before. Looking at total economic activity, he estimated that 1959 gross national product (total goods and services produced in the United States) would reach $470 billion, a 7% increase over 1958 and an all-time high. He expects a 9% increase in the Federal Reserve Board Index of Industrial Production.

Turning to specific areas, Mr. Morgan said that such basic industries as automobiles, steel, chemicals, metals, machinery and rubber would be among the leaders in the recovery. He also anticipates that capital expenditures by business on new plant and equipment will increase in the coming year.

"Investors should realize that the increase in common stock prices in 1958 has anticipated to some extent the recovery in business," Mr. Morgan stated. "For this reason, successful investing in 1959 will require an especially careful selection of individual securities."

Mr. Morgan also emphasized that conservative investors should continue to balance their investment programs between fixed income securities, such as bonds and preferred stocks and attractive common stock investments. "We believe," he said, "that the long-term outlook for the growth and progress of American business continues to be favorable."

Hunt Named Trustee of Putnam Growth Fund

BOSTON, Mass. — William M. Hunt was elected a Trustee of The Putnam Growth Fund at the Fund's first annual meeting of shareholders. He has been an investment research analyst with The George Putnam Fund of Boston since 1946 and a partner of The Putnam Management Company, manager of the two Putnam Funds, since 1950. Re-elected as Trustees at the meeting were Charles M. Werly, George Putnam, Jr., Vannevar Bush, Horace S. Ford, Louis J. Hunter, and Stanley F. Teele.


William M. Hunt

Household Finance Debentures Offered

An underwriting group headed jointly by Lee Higginson Corp., White, Weld & Co. and William Blair & Co. is offering publicly today (Jan. 8) a new issue of $30,000,000 Household Finance Corp. 4⅝% sinking fund debentures due 1984. The obligations are priced at 99%, to yield approximately 4.693% to maturity.

Net proceeds from this sale will be used to reduce short-term bank loans which were incurred under the company's established lines of credit to provide funds for lending to customers in the usual course of business.

Household Finance is one of the largest organizations in the consumer finance or small loan, business. On Sept. 30, 1958 the company had a total of 943 branch offices located in 652 cities of 39 states and all Canadian provinces.

The debentures are not redeemable for five years. Optional redemption prices starting Jan. 15, 1964 scale downward from 104%. A sinking fund beginning in 1964 will redeem 68% of the debentures prior to maturity at the principal amount and accrued interest.

In the calendar year 1957 operating revenues of Household Finance were $125,835,000, and net income came to $23,933,000. This was the 13th consecutive year of increase for operating revenues and the 12th such for net income. In the nine months ended Sept. 30, 1958, operating revenues were $95,182,000 and net income was $17,302,000, compared with $95,037,000 and $18,520,000, respectively, in the like period of 1957.

Continued from page 2

The Security I Like Best

resources seem substantial enough to believe that the present atmosphere of gloom surrounding the company and its shares should in six to nine months again be superseded by a general atmosphere of encouragement.

The difference in market price, if this occurs, could be substantial. It should not be forgotten that Chrysler possesses the maximum leverage in the industry.

RODGER W. BRIDWELL
Zephyr Cove
Lake Tahoe, Nevada

Natomas Company

At a time when the market has risen to record heights it becomes increasingly difficult to select stocks that still have a wide appreciation potential yet entail mimimum risk on the downside. Natomas, selling around eight and one-half on the New York Stock Exchange, qualifies on several counts. For one thing, this venerable (since 1906) gold mining company has undergone a complete transformation in recent years. As this new look becomes better known to the general public it should stimulate wider interest in the company and especially in its common shares. Gold dredging operations are becoming much less important although the three dredges still in operation contributed $885,000 in revenues during the nine months ended Sept. 30.


R. W. Bridwell

The "new look" at Natomas dates back to 1956 when APL Associates was acquired through an exchange of stock. APL, in turn, was primarily a holding company with assets concentrated in the highly profitable steamship company American President Lines. (The class "A" shares held by APL were acquired for $35 a share which compares to the current Over-the-Counter price of 70 bid.) Top officials of Natomas controlled APL Associates and received about 850,000 shares of Natomas for their APL Associates stock. Since then officers and directors have steadily added to their holdings by buying Natomas shares on the open market. Judging by SEC reports the average cost of these purchases was apparently around $7 a share. All told, as of Sept. 30, top management owned 1,075,000 shares, or about one-third of the 3,183,135 outstanding. Rudolph K. Davies, Chairman, owned 933,308 shares, with the remainder held by 10 other directors and officers.

Total remuneration paid to these officials amounts to only $50,000, or thereabouts annually, and the company has no profit-sharing, pension, retirement or stock option plans for the benefit of management. In short, here is the ideal owner-management situation in which both stockholders and management can be rewarded only if the company prospers and the price of the stock rises. Moreover, since the common stock pays no dividend, this is an ideal special situation for investors primarily interested in long-term capital gains.

Natomas has further expanded its shipping empire through the acquisition of a 33% interest in Pacific Far East Lines. Pacific Far East currently sells around 12 and earned $5.16 a share in 1957. Natomas owns slightly more than a half interest in American President (138,880 class A shares and 1,050,000 class B shares). Signal Oil & Gas Co. is the other major stockholder, holding 87,600 class A and 1,050,000 class B shares or slightly less than a 50% interest. If American President's 1957 earnings of $6.7 million are capitalized at eight times (there is no quoted market for the class B shares) and the Pacific Far East equity is figured at its current market price, these holdings are worth $10 per Natomas share, before allowance for retirement of funded debt of $10.9 million.

Natomas also has valuable farm land holdings in California's Sacramento Valley (7,500 acres) which is leased to tenants on a cash or share-crop basis. Moreover, these lands are becoming progressively more valuable for both residential building and industrial development. The largest industry that has been attracted to the area where Natomas owns land is Aerojet General which is expanding its rocket research and development program at a record rate. From time to time small parcels of land are sold and revenues from this source amounted to $289,960 during the first nine months of 1958. Another several thousand acres of mineral properties suitable for dredging or which contain valuable rock and aggregate deposits are also owned. The latter deposits are being developed under contract with Pacific Cement and Aggregates Company. According to company sources, sales of mineral rights of sand, rock and aggregates now under contract are expected to amount to between $1,000,000 and $1,500,000 over a period of years. Substantial additional deposits are available as demand for these materials expands.

At the end of 1957, Natomas' stated net asset value was $9.06 a share which compared to $7.70 the year before. Unquestionably, asset value has increased further during 1958. For one thing, the company has been purchasing and retiring its own shares which, of course, increases the asset value of the remaining shares outstanding. Thirty thousand shares were retired in 1957 and 32,301 were retired in the first nine months of 1958. Moreover, the current value of other assets is not fully reflected in the balance sheet and would increase the net asset value by a substantial margin if the actual value was shown.

The estimated liquidating value of Natomas' mineral and farm lands has not been disclosed by the company and could, at best, only be an educated guess. However, the writer estimates that the value of all of Natomas' underlying assets before allowance for retirement of funded debt approximates $14 to $16 a share or $11 to $13 a share after allowance for deducting all future obligations ahead of the common stock.

Prior to January, 1956, dividends were paid at the rate of 60 cents annually. Since then none have been declared by the new management. Cash resources are being earmarked for reduction of indebtedness and expansion of the business. Although resumption of dividends is not looked for in the foreseeable future, earning power is trending higher. For the nine months ended Sept. 30, net income equalled 27 cents a share, compared to 31 cents for all of 1957. If Natomas' equity in the undistributed earnings of steamship companies is consolidated, net income equalled $1.04 which suggests full year profits may come to about $1.35 a share, compared to the $1.13 earned in 1957.

At present, Natomas is actively developing gold properties in Bolivia through its two-thirds interest in Bol-Inca Mining Corp. Bol-Inca holds perfected claims to 66,000 acres from which natives have been recovering gold for many years. Preliminary surveys indicate that dredging operations are entirely feasible. The company is also now launching an exploratory program in Ecuador on a sizable concession area containing promising gold placers. It should be emphasized that management is aggressively exploring every possible way that its idle dredging equipment and experience can be profitably utilized.

Another string in the Natomas bow is that the marginal gold properties represent a hedge against either a depression or an increase in the price of gold. How much actual effect either would have on earning power is difficult to say. In the case of the latter eventuality, it would depend on how large the increase was. But one thing is certain, announcement of an increase in the price of gold would cause all gold shares to soar including Natomas, since the company is still viewed chiefly as a gold producer in the eyes of the public.

The principal subsidiary APL (and its subsidiary American Mail Line, Ltd.) has one of the best balanced and most modern fleets in the American Merchant Marine. The two lines operate eight new, fast mariner vessels, five passenger ships and 23 freighters. Recently, plans were completed for construction of the largest and fastest ocean liner ever built for the Trans-Pacific passenger trade.

The technical position of the shares appears to be exceptionally strong. For most of the past three years the stock has fluctuated between 5½ and 7½. A narrow range like this usually reflects accumulation as the stock gradually passes from increasingly impatient weak hands into stronger hands who are willing to patiently hold for very much higher prices. That is to say, there is no stale public position. Instead of wanting out in the future the public will more likely be attracted to Natomas by the low price of the shares. And, as a matter of fact, in recent sessions the stock has pushed to a new three-year high on rising volume of transactions. Yet the stock can hardly be considered overextended in view of the numerous issues that have doubled and tripled in the past year on the strength of far less tangible underlying values and earning power.

Investors who wish to investigate the Natomas picture for themselves, as all prospective buyers should certainly do, can obtain the latest annual report by writing to the company's head office which is located at One Eleven Sutter Street, San Francisco 4, California.

N. Sims Organ With L. D. Sherman Co.

N. Sims Organ, formerly Sales Manager for the late Sailing P. Baruch's firm, Baruch Brothers, is now associated with the New York office of L. D. Sherman & Co., 39 Broadway, New York City, as Sales Manager of the Retail Division.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

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

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

The liberal wing of Democrats in the Senate feels that they have a mandate from their constituents 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 House Rules Committee. 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 enough influence and votes to amend Rule 22, called the filibuster rule. However, there appears little or no chance of the House liberal bloc getting the House Rules Committee enlarged with its own members to offset the conservative coalition of Democrats and Republicans like Representative Clarence Brown, Repubilcan of Ohio, and Representative William M. Colmer of Mississippi.

Johnson a Conciliator

Under the present Rule 22 of the Senate, it requires a vote of two-thirds of the entire Senate membership to shut off debate or invoke cloture. Now with two Senators from Alaska, the Senate has 98 members. Thus under existing rule 22, it would take 66 members to invoke 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 question, favors modification of the rule to permit two-thirds of those present and voting to invoke cloture.

No "Wild" Legislation Expected

The country may expect a lot of pro and con statements from Capitol Hill for the next several weeks. 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.

Despite the fact that the 86th Congress shapes up on paper as one of the most liberal in many years, perhaps the best long range guess is that it will not run "hog wild." The reason is both Majority Leader Johnson and House Speaker Rayburn, both from Texas, are pretty good middle - of - the - roaders. Neither is going to be part and parcel of any wild legislation. Whether or not they will seek to hold down some of the big spending proposals by many of those sitting on the Democratic 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 1960 fiscal year, starting July 1, within the budget recommendations proposed by President Eisenhower. The odds are against it. There are many Democrats who are anxious to put the executive branch as deep in the financial hole as possible. They are anxious to win the Presidential election in 1960. It is almost certain that the debt limit of the United States will have to be raised to $300 billion.

In the big election year of 1960, they would like to point to the fact that the Eisenhower Administration has been the "spendingest" Administration in peacetime history of the country. Certainly it is true that a Democratic controlled Congress appropriated all the funds, but the Democrats are confident that they can put the political monkey on the backs off the Republicans who controlled the White House and the executive departments.

Unless some of the veteran politicians in the Nation's Capital are mistaken, the Southern members of Congress will have their influence greatly diluted in the 86th session. The reason is there are 13 new non-Southern Democrats elected to the Senate and 48 additional non-Southern House members.

The big spending program voted by Congress in 1958 will continue to be felt in the economy of the Nation for the remainder of the current fiscal year. The Department of Commerce's yearly survey by its business and defense services administrations shows that industry has optimistic hopes for 1959. Old records are expected to be smashed in some fields, and new peaks scaled in others.

Federal Health Plan Sought

When the more than 12,250,000 people now receiving "social security" benefits get their next checks, they will get a slightly larger check. Starting the first week in February they will get an increase of about 7%. The New Dealers and socializers in Washington are already beating the drums for the 86th Congress to provide a Federal health plan for the social security program.

They will be willing to launch it as a very modest program. It would look quite innocent to the average man and woman. Of course, all they want is to get their foot in the door. They would widen the health insurance program as time goes on, just like they are responsible for more and more tax being deducted from the paychecks.

Deductions from pay checks in this country have had a sinister effect in the ever rising taxes in this country. If there were no deductions and the tax collector came around to collect in a lump sum, there would be tax revolution. The average man and woman would look at his tax statements, and really demand that something be done about it.

Taxes May Rise

Instead of the country getting a tax cut, don't be surprised if the new Congress raises taxes in some form. Some of the liberal Democrats, like Senators Paul Douglas of Illinois and Hubert H. Humphrey of Minnesota, want to either cut or totally eliminate depletion allowances granted for oil, natural gas and other minerals that cannot be restored.

There are many legislative battles shaping up in the 86th Congress. The scrap over the $77 billion budget of President Eisenhower is certain to get feverish at times; however it is likely to remain around $80 billion, thus causing another deficit in fiscal year 1961. So will the scrap over labor legislation, and statehood for Hawaii. . . . There is no doubt that Alaska statehood has greatly improved the chances of Hawaii. The No. 1 reason that Hawaii statehood lost out during the past several years has been the powerful maritime union that has controlled shipping in the lovely islands of the Pacific. The unions have been influenced by Communists.

It is a plain, unvarnished fact that Congress always passes its greatest appropriation bills and provides more government services in an election year, than a non-election year. This Congress is unlikely to be different from those of the past.

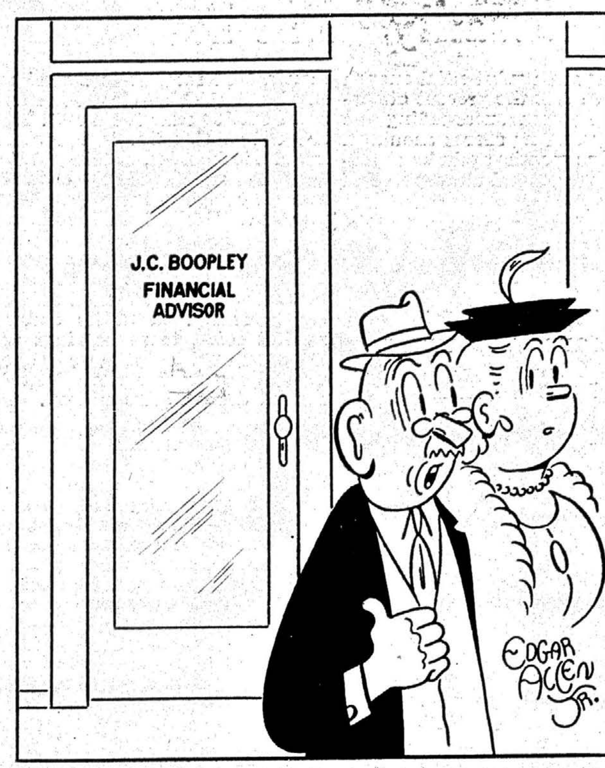
Foreign Investment Impeded

The government of this country, and many members of Congress are advocating more and more that American businessmen invest more and more funds in foreign countries. Substantial amounts are being invested particularly in electric power, transportation, agriculture and industry.

However, unless this Congress provides for tax benefits to the American investor to risk his money abroad, there will be hesitancy. The government would like to have any tax yields that would come from foreign investment risks, but so far the government is not ready to liberalize the tax provisions. One of the reasons is the government wants every legal dollar it can get. It is seriously in debt.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



"I'd have a bit more confidence in his predictions if he didn't rely so much on his Ouija Board."

Business Man's Bookshelf

Automotive Design Contributions to Highway Safety—Charles A. Chayne — General Motors Corporation, Detroit (paper).

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

Freeman, January 1959—Containing articles on Khruschchev's Bogus Challenge, Alternative to Competition; How Green is the Emerald Isle; Inflation Ahead; Coercion at the Local Level; Is Freedom the Liberty to Restrict?, etc. — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. — 50 cents.

Interstate Commerce Commission—72nd annual report for fiscal year ended June 30, 1958—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (cloth), $1.50.

Managed Money at the Crossroads—The European Experience—Melchior Palyi—University of Notre Dame Press, Notre Dame, Ind. (cloth), $4.75.

Streamlining Your Executive Workload—Ray Josephs—Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth).

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

Transport Statistics in the United States for the Year Ended Dec. 31, 1957—Part 5: Carriers by Water—Interstate Commerce Commission, Bureau of Transport Economics and Statistics, Washington, D. C. (paper).

Trust Institutions—New edition of directory of active trust departments in United States, including volume of assets, officers in charge of trust and investment divisions, and names of trustee nominees—Fiduciary Publishers Inc., Dept. D, 50 East 42nd St., New York 17, N. Y.—Prepublication price, $10 (orders by Dec. 22, 1958).