Capital Inflow, Inflation and Monetary Policy in Canada

By A. T. LAMBERT
Vice-President and General Manager
The Toronto-Dominion Bank, Toronto, Canada

Canadian banker addresses himself to country's disquiet about the inflow of American investments and, turning to a non-uniform domestic problem, proposes bold program with some risk to combat price inflation and further economic progress. With regard to the former, Mr. Lambert opines Canadians should be permitted to express themselves as to the form and behavior of investments within their border and, as to the latter, would supplement monetary-fiscal policies to encourage growth with devices to keep costs from getting out of hand in order to allow money supply to accommodate with output. Fears of highly-inflated monetary policy would curb business expansion without lessening upward price pressures.

The whole question of Canadian-American relationships in general, and of American investment in Canada in particular, is analyzed in considerable detail in the report of the Royal Commission on Canada's Economic Prospects—the so-called Gordon Report. Canadian disquiet over possible matters has not gone unnoticed in this country either. It has attracted attention in the press, in Congress, and in the financial community.

Continued on page 43

By A. T. Lambert

Allen T. Lambert

HON. GORDON CHURCHILL

Minister of Trade and Commerce

Canada's Business and Financial Leaders Speak After Turn of the Year

In articles especially written for the "Chronicle," individuals eminently qualified to accurately interpret the course of Canada's economy in the instant year present their views. The commentaries discuss the probable trend of key factors, including those of the money market, capital and consumer expenditures, housing, new developments in the oil, gas and mining industries, and other aspects of the nation's business life. The statements appear herewith:

HON. GORDON CHURCHILL

Minister of Trade and Commerce

State, Municipal and Public Housing Agency

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(continued)
I welcome this opportunity to review and comment upon the general economic events and trends of 1958 and to estimate as best we can the strength and probable trend of financial and economic forces during the new year upon which we now have entered. The Roman God, Janus, from whom this month is named, always represented the threshold of the temple with two faces, looking in opposite directions. It is my purpose to look at this time of year back at the recent past and forward to the future and provide an estimate accordingly. The continuity of history and change are dependent upon an alteration of a digit in the date.

I know I do not need to remind you that under our present system, a Minister of Finance almost determines the restrictions in the scope of any forecasting in which he indulges except to the annual Budget presentation to the House of Commons. Yet I may shrow and sound at times comment upon the forces at work in the economy, it would be highly improper for him to relate such factors in a public utterance. I therefore reserve financial plans.

Conflicts in the Economy
We behold in the economy of this continent today a strange co-existence of conditions normally associated with inflation and conditions normally associated with deflation. I suggest there never has been a time when contrary forces would work at the same time in conflict with each other in the economic history of man. In the winter of 1857-58, we witnessed a relatively high level of unemployment and distress in business activity which happily yielded in the spring of 1858 to stronger and healthier forces in the economy. Even with continuing unemployment, we must be aware of inflationary forces present in the economy. The concurrent existence of higher than normal unemployment and a disturbing inflationary potential is puzzling and confusing economic observers not only in Canada but everywhere. As an exporting nation, we are sensitive to changes in the economic climate in various parts of the world. We are particularly vulnerable to financial and economic trends of other countries, whom this I have been incompletely reminded of this factor in the year just past.

Events of 1958
An economic characteristic of the year 1958 must recognize the primary importance of two events, both of which are major influences. The first event is the recognition throughout the world that the spring of 1958 marked the bottom of the recession in North America. The second event is the establishment of the World Bank and Economic Conference, which took place in Montreal in Sept. We confirmed our most optimistic hopes about the strength and cohesiveness of the world's financial system and the assurance of the principles of national independence.

It is perhaps fair to say that the year 1958 was a year for the pursuit of a compromise between a policy of a rigorous and vital foreign aid only, and the challenge of an expanding world economy. From the Montreal Conference emerged a recognition of the desirability of the restoration of the resources of the International Bank and Fund. As a sequel to the Montreal Conference and the later meeting at New Delhi, we have seen a gratifying series of recent accomplishments. The United Kingdom and other countries of Europe have taken important steps toward the removal of discrimination, and it now seems assured that the resources of both the Bank and Fund will soon be substantially increased.

These important developments continued on page 33.

*An address by Mr. Fleming at the Canadian Club of Toronto, Jan. 6, 1959.

In reviewing Canadian economic conditions, Mr. Fleming is optimistic about the basic outlook for Canada and makes clear that the government does not intend to interfere in the support of its bonds. The Finance Minister explains the advantages of recent debt-limiting conversion; comments on its successfulness, including its timing in the light of present decline in the conversion loan bonds; and conceals the critical threat of inflation remains and requires prevention efforts not only by government but by employers, employees and self-employed persons as well. Willing to admit Canada has its problems, the Minister adds, however, that the economy in Canada is strong and never was there a time when Canadians had more reasons for confidence in their country and in her future.
The Special Appeal of Security Speculation

Popular delusions concerned with security speculation, unlike the more prosaic historical outbursts as the South Sea madness, the Mississippi scheme or Tulipomania, are unreasoned and recurrent through rationalization stemming from their being linked to the country’s most “legitimate” industrial and economic activities.

Pacific Northwest Co.
Official Appointments

SEATTLE, Wash. — The Pacific Northwest Company, Exchange Building, announces the following official appointments:

Lyle F. Wilson
Robert E. Daniel

January 1959 Item
(Spitlimania Again)

A current Wall Street market letter devoted to “Split Candidates” and the return of the popular Split Appeal in our present era says: “While Telephonic...
Exciting Electronics

A Dr. IRA A. COLEIGH
Enterprise Economist

A review of the products, progress and profits of certain smaller and lesser known units in the electronic industry, and the large capital gains some have achieved for early investors.

Horatio Alger is seldom read these days. There is no longer anyone to whom a so-called 
"rags to riches boys to president" which used to anima-
ted the imaginations of the American
Magazine 30 years ago seems not to be an archaic literary
A great many dollars remains a major goal for
thousands of the young inventors and imaginative specula-
tors and in the past five years the industry has shown the
most dramatic market increase ever seen. Consider
for instance that you could have bought Electronic
Acoustica Inc. for $0.40 a share at 60 in 1950. Milgo
Electronics was offered for public sale at $1.50 a
share at 70 in 1954. It sold above 25 last week. Anncién Inc. was offered
for public sale at $1.50 a share at 70 in 1954. It sold above 25 last year. Acoustica is
a well established and leading producer on the American Stock
Exchange at 53 was bought at $3 a share in July. A recent
documentation of the fortune building in the atomic research and
missile industry is not presented to make anyone feel ashamed of his own
market achievements. It is merely cited to stress, once again, that there are
wonders to be found somewhere in the electronic industry. And there
are times for the wit, wammp and move to buy in. Since 1954 such bargains
have been found in every major segment of consumer electronics. Of these by all
means the mostD so to speak—is the mil-
gitary. Government expenditure on
military electronics, units and system developments a billion dollars a
year by the U.S. Air Force and guidance and orbiting satellites in 1959 will be about $5 billion. Electronic, guide-
ance, control, testing, accountability, and communication systems make
up more than 50% of the total cost. The military is now one of the largest
users of electronics. The number of systems and subsystems is continually
in an exponential curve. The field is one of the most dynamic, and the
number of problems to be solved is vast.

Applications of electronic technology in the military field are
enormous. The military is the major user of electronic systems and the
field is one of the most dynamic, and the number of problems to be solved is vast.

Epicope, Inc.

Epicope, Inc., too, has traveled fast from explora

tion to exploitation. Epicope traces its origin
from a share for 25 in 1954 to about $1 million
for 45 to $1 million. The company has grown up around its pioneer development
and perfection, in 1951, of the first true high precision computer. The
computer has been achieved a nice balance be-
tween the need for high precision, high speed

data processors and computers; VARIOLPLOTTER which
can convert computer data to chart; the Electronic Splicer, which
has increased a nice balance be\n
between the need for high precision, high speed

data processors and computers; VARIOLPLOTTER which
can convert computer data to chart; the Electronic Splicer, which

In electronics, Epicope offers

Pulse Code Modelification (auto-

matic conversion of analog

to digital); a small computer

that can be used for

Nuclear ply.古代的生产线被用作昨天的生产线。

Before the touch upon a few attractive"epicope" may be in this very inventory field, some
good generalizations may be in

appropriate. So great is the current enthusiasm for electronics, so great is the
number of companies that seem to be doing something that will
sell at a reasonable price, even fantastic price-earnings ratios,
that many sell at questionable or
even fantastic price-earnings ratios,
even the average return on equity to ratios
are not uncommon. A number of companies
goes out significant cash dividends, although substantial stock
dividends, or stock splits are common. (No one would think of

Analogue Controls, Inc.

Analogue Controls, Inc. is one of the
depth producers of electronic for
current

yield.) Many companies are

partly to continuous output

of a few thousand units a

month; other, the advantages in combining

business planning, selling, and scientific
R
electronic industrial efficiency, the more complete laboratory facil-

ities, and the ability to plan in the direction of commercial mer-

many. Probably electronics will be

exploited more and more in the near future and long after all other
industry in 1950.

Electronics Associates

Electronics Associates, Inc., has made

an advance rapidly to a point where new orders are coming along

at a rapid pace. This company is the

manufacturer of large units. AMP, incorporated, manufacturer of smaller

electronic systems and sub-

systems, maker of measuring instru-
tures, precision amplifiers; Anampli

Electronic, leading producer of

radar, radio, communications, communication, electronic missiles

and missiles, American Bur- en Inc. prime contractors for the

inertial guidance systems for

missiles; Milgo Electronics Corp. is the

leading producer of electronic and other missile instrumenta-
tion. Electronics are indeed exciting. There are al-

Electronics are indeed exciting. There are al-

veloping in Cambridge, but there, as else-

where, perhaps you can pay too much for glamour.

May & Gannon Inc.

Celebrates 30 Years

BOSTON, Mass.—May & Gannon

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components and systems, is cele-

bating the thirtieth anniversary

of the firm's founding in January
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components and systems for home

appliances, industrial equipment, and

other electronic products.

Joseph Gannon is President

and also Chairman of the Board.

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Delhi-Taylor Oil Corp.

White Eagle Oil Company

Republic Natural Gas Co.

Falcon Seaboard Drilling Co.

Unlisted Trading Department

Continued on page 48
The Domestic Economy

Last year there was a decline of about 30 per cent in the manufacture of industrial goods and services, as measured by the Federal Reserve Board Index of Industrial Production. According to the committee's forecast, this year will enjoy an increase, although not as great an increase as was foreseen in the past. The main reason for this is that the world economy is not nearly as strong as it was in the past. The United States, in particular, is not likely to increase its demand for industrial goods and services as much as in the past. The forecast for the coming year is that the United States will increase its demand for industrial goods and services by about 10 per cent.
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**Dealer-Broker Investment Recommendations & Literature**

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

**America's New Industries—**Summary—George, O'Neill & Co., Inc., 20 Broad Street, New York 4, N. Y.

**Atomic Letter No. 45—**Commenting on effects of AEC grants to colleges and universities, on radiation instrument industry, and discussing Salem Brosius, Inc.—Atomic Development Securities Co., Inc., 1023 Thirty-sixth Street, N. W., Washington 7, D. C.


**Canadian Business Review—**Analysis of Canadian business trends—Richardson & Co., Ltd., Y.W.C.A. Bldg., Toronto, Ont., Canada. Also available is a survey in yamien's language of the major Canadian taxes affecting business in Canada.

**Coles—**Report—J. R. Williston & Deane, 115 Broadway, New York 6, N. Y.

**Gold—**Survey of gold market—Brewer & White Limited, 145 Yonge Street, Toronto, Ont., Canada.

**Japanese Oil Industry—**Discussion with particular reference to Mitsubishi Oil Co., Showa Oil Co. and Maruzen Oil Co.


**Life Insurance Stocks—**Bulletin—Robert H. Huf & Co., 210 West Seventeenth Street, Los Angeles 14, Calif.

**Louisiana as a Toronto Market—**Study—Ronni, Watkins, Jason & Co., Inc., Wall Street, New York 5, N. Y.

**Metals 1939—**Brochure—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a forecast for 1939 on Oils, Natural Gas Producers and Construction Industry.

**Mining Stock Reprints—**Reprints of December 1938—Brochure—Draper Deboe and Company Limited, 25 Adelaide Street, West, Toronto, Canada.

**New York City Bank Stocks—**Yield comparison and analysis of 13 New York City bank stocks—Laird, Bissell & Mohr, 57 Broadway, New York 4, N. Y.

**New York Clearing House Banks—**Comparative operating figures—M. A. Schapiro & Co., Inc., 1 Wall Street, New York 5, N. Y.

**Over-the-Counter Index—**Folder showing an up-to-date comparative table of the listed industrial stocks used in the Dow Jones Averages and the 32 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yearly stock market performance over a 20-year period National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

**Portfolios for 1939—**Two suggested portfolios of Canadian securities—Canadian Security Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

**Toronto Stock Exchange—**Monthly bulletin of trading data on all stock issues—Toronto Stock Exchange, Dept. E-3800, 294 Bay Street, Toronto, Ont., Canada.

**U.S. Bond Stocks—**Reprints—American International Securities, Inc., M. E. Sassoon & Co., Limited, 217 Bay Street, Toronto 1, Ont., Canada.


**American Radiator & Standard Sanitary Corporation—**Analysis—Blyth & Company, 120 Broadway, New York 5, N. Y. Also available is a study of Bendix Aviation Corporation and the current issue of "Pocket Guide" containing lists of suggested stocks for various categories.

**Armstrong Rubber Co.—**Memorandum—Green, Ellis & Anderson, 81 Broadway, New York 6, N. Y.

**Avon Products, Inc.—**Memorandum—Hempfyl, Noyes & Co., 125 Broad Street, New York 5, N. Y.

**Beckman Instruments—**Data—Du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular.

**Beech Aircraft—**Review—Ira Haupt Co., 111 Broadway, New York 6, N. Y.

**Chesapeake & Ohio Tea Company—**Account—Memorandum—J. B. Co., 11 South Mulberry Street, Muncie, Ind.

**Columbia Broadcasting System—**Review—Analysis—Schweickart & Company, Wall Street, New York 6, N. Y.

**Columbia Gas System—**Report—Thompson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is an annual report on Atlantic Refining Co.

**Coors Company—**Analysis—A. G. Becker & Co., Incorporated, 60 Broadway, New York 4, N. Y. Also available is an annual review of Maine Public Service Co.

**Draper Corporation—**Analysis—Baile & Stiegllitz, 52 Wall Street, New York 5, N. Y.


**Harriss Interotype Corporation—**Analysis—Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

**High Voltage Engineering Co.—**Memorandum—Shields & Company, 44 Wall Street, New York 3, N. Y.

**International Paper Company—**Memorandum—New York & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on Harnischfeger.

**International Smelting Company—**Analysis—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

**Meredith Publishing Company—**Report—Stone & Webster Securities Company, 50 Broad Street, New York 4, N. Y.

**Monanto Chemical Company—**Analysis—Laid & Bissell & Mohr, 43 Wall Street, New York 3, N. Y.


**Purchasing Department—**On the Commonwealth—Government Development Bank for Puerto Rico, Juan, S. P. Blyth & Company, 120 Broadway, New York 5, N. Y. Also available are analyses on Lee Ruber & Tire and Stewart Warner Corp.

**San Francisco—**Bulletin—Edward L. Burton & Co., 160 South Main Street, Salt Lake City 1, Utah.

**Western States Refining Co.—**Bulletin—Edward L. Burton, Co., 160 South Main Street, Salt Lake City 1, Utah.

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From Washington Ahead of the News

By CARLISLE BARGERON

The Republicans, meeting at Des Moines, decided to spend more money, build up their organization, get more colorful candidates, and enthuse the precinct workers.

They have got to do more than this. In the matter of publicity, they have to give their publicity men something to write about. I can't imagine a more futile job than one of trying to publicity for the Republicans these days. Who do you write for—which wing of the party? The President is now trying to preserve his budget. Suppose the publicity men get behind this project and start to write a preservation of the budget. Well, they will offend at least 14 members of the Senate and no telling how many members of the House. These men do not want any curtailment of spending. They want more money for defense, more for housing, more for slum clearance, and more for education, and more for national health.

When any of these items come up separately, what is a poor press relations man to do. The President, of course, is supposed to be the boss and the able thing for them to do would be to publish his policies on these matters. But then they are doing one half of the party a disservice.

This writer worked at the Republican National Committee in 1943 and part of 1944. He tried to keep alive the idea that Roosevelt had led us into war. All the time, he would be having complaints that he was an isolationist. If this were true the compliments were coming from members who were interventionists. The writer was undoubtedly expressing the view of the majority members of the party, but his life was one turmoil.

The matter of agriculture, come up as it will at this session. A sizable number of Republicans in both Houses will be against the Administration bill. It will be doubtful, indeed, if the Republican leader, Senator Everett Dirksen, doesn't jump the fence on this one.

Senator Goldwater of Arizona, is certain to say the party must continue. And if the party is going to stand for something, and all the others agree with him on this but the trouble is stand for what.

There are those who say that Republicans must turn to the left and try to out-do the Democrats. At first blush, that would seem to be the correct thing. It certainly looks as if the votes are on that side. But if anybody thinks the country will buy an apathy, he has another thing coming. The only possible outcome of such a policy will be to push the Democrats farther to the left.

In this writer's opinion the Republicans, if anything are right they say they want to get out of the public mind that they are the image of big business. Instead of trying this picture, they should grasp it and make the most of it. Big business made this country. It is responsible for the millions that are employed; it is responsible for the many small businesses. The Republicans should work to sell this picture, not try to get away from it.

Admittedly they have a hard time doing this when there is a recession on such as there was last year. But because then big business was not delivering the goods. But in 1956 the workers of the country went for big business and Eisenhower in a big way.

A criticism that has been made of that campaign, because neither Home nor Senate was carried by the Republicans, is that the Republicans campaigned almost exclusively for Eisenhower. They gave the impression they were running only one man, and that one man the country voted for.

But they won't be able to do anything until they get together and that seems in the far distance today. There have always been times when several Republicans jumped the traces on an Administration bill, but that was because of a peculiar back home situation. But they didn't advertise their bolt. It was something that was done individually. Now the situations insist on uniting and trying this picture, the leaders of the party.

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The Present Farm Situation and Averting Oncoming Disaster

BY HON. EZRA TAFT BENSON
Secretary of Agriculture, Washington, D. C.

Misconceptions about farm supports, and the singular fact that the few relative few who need the least help receive the most, mean that the nation is not being served well by policy that is so clearly at variance with the needs of farmers. In order to correct this, the farm programs of 1951; asserts our farm programs have become too costly; and pleads for less governmental intervention in our lives, economy and freedom.

Agriculture, industry, and finance are closely tied together. They have formed an agricultural economy. The entire agricultural economy is very closely tied together. This means that any policy that has a beneficial effect on one sector necessarily benefits the other sectors as well. However, this close interdependence is also a reason for the need of a comprehensive approach to agricultural policy. A policy that benefits one sector may have adverse consequences for another sector. Therefore, any policy that is put into place should be evaluated in terms of its impact on all sectors of the economy.

The importance of agriculture to the economy of the United States cannot be overstated. Agriculture is a major contributor to the country’s economic growth, and it plays a critical role in providing food and fiber for the nation and the world. In addition, agriculture is a significant employer, and it supports many related industries, such as manufacturing, transportation, and retailing.

Despite its importance, agriculture faces many challenges today. One of the most pressing is the need to increase productivity and efficiency in order to meet the growing demands for food and fiber. At the same time, efforts must be made to preserve the environment and protect natural resources.

The government has a role to play in supporting agriculture, but it is important to ensure that the support is targeted and fair. Farm programs should be designed to help those who need it most, while also promoting the overall health of the agricultural sector. This requires a careful balance between supporting individual farmers and ensuring that the economy as a whole can continue to thrive.

Given these challenges, it is essential that policymakers take a comprehensive approach to agriculture. This includes not only providing support to farmers, but also investing in research and development to increase productivity and efficiency. In addition, efforts must be made to protect the environment and ensure that the sector’s contributions to food security and rural development are recognized.

The government must also work to ensure that farmers have access to the tools and resources they need to succeed. This includes providing financing, research and development support, and investment in infrastructure.

In conclusion, agriculture is a vital sector of the economy, and it is essential that policymakers take a comprehensive approach to supporting it. By working together, we can ensure that agriculture remains a strong and vital part of our nation’s economy.
Tributes are helpful in greater or lesser degree, but we must face the central problem of just how much of our lives, of our freedom, of our economy, of our safety, we want to entrust to government.

We have seen, in the latter century a thousandfold increase from individual to governmental responsibility, for the safety and State responsibility to the Federal Government.

Is government going to get bigger and bigger and still bigger? Are we going to have more of our freedom, of our economy, of our safety over centralized government?

We must not do this. Deep in their hearts the American people know that great concentration of power is a dangerous thing. Once our trust has been grabbed by those who may be evil in its use.

Our people must remain free. Our economy must remain free. Our society must remain free. Free of excessive governmental paternalism, regimentation, a no-control government.

As a nation, we are strong. With the freedom of the economic enterprise that we possess, we have been able to produce as much industrial goods as all the rest of the world combined—even though we are only 5% of the world’s people and have only 5% of the world’s land.

These abundant blessings have come to us through an economic system that is self-governing, largely on three pillars:

(1) A free enterprise—the right to venture—to choose.

(2) Private property—the right to own.

(3) A market economy—the right to exchange.

Work together, we can maintain the strength of these pillars—we must.

I think that our people are becoming aware of the dangers that lurk in an agricultural—and an economic—system that depend too much on government. Gradually they are learning that basic American beliefs, principles, and attitudes are threatened today as never before.

Terror to Freedom

By whom are they threatened? By the uninformed; By the self-seekers; By the subserviles; By the disinterested.

Yes, our freedoms are threatened by well-meaning but uninformed citizens who support when they do not understand the coming of our economic system and allow the ideas that threaten them out of existence. They try to reach the promised land by passing laws. They do not understand our economic system. They would load it down with burdens it was never intended to carry. As their schemes begin to break down, more and more of the public will be lifted off the podium. In the meantime, many will be caught in the undertow.

A third, and much smaller group, is threatened by another group—self-seekers. They are men who see no American legislation or unwise economic legislation as a way to obtain special privilege for themselves or to ruin their competitors. They use demagogy as a smoke-screen to deceive. They have no love for socialism or enterprise. They would barter away their birthright for a mess of potage. They would learn the value of freedom only when freedom is gone. To one who lives among persons in nations where freedom no longer exists, this is an alternative too horrible to contemplate.

A fourth, and much smaller subservile group is dedicated to the overthrow of the economic and governmental system that is our tradition. Their philosophy does not stem from our Founding Fathers. It is a philosophy foreign to our shores. These men understand our system, thoroughly—and they hate it thoroughly.

They owe their allegiance to another land, another government. They profess no allegiance to God, nor to any moral code. The make upwriting allies of the uninformed. They rationalize the worst motives of the self-seekers. They thrive in direct proportion to the amount of class hatred they can create. They are wolves in sheep’s clothing.

They have left their mark on this land.

They work 24 hours a day. They speak gibes of ultimate victory. Lastly, a fourth group has developed, perhaps the largest of all. These are the disinterested, that great group of otherwise intelligent people who shrug off all responsibility for public affairs.

Edmund Burke once said, “All that is necessary for evil to win in the world is for good men to do nothing.”

Yes, freedom can be lost—well as by direct assault. Too long have many Americans stood by as silent accessories to the crimes of assault against freedom—assault against the individual, which made this nation a land among all others of the world.

This is not only the farmer’s battle to be free. This is your battle—this battle of every one who believes in an individual enterprise rather than super-bureaucracy. I am convinced that business and their organizations should be as fully active politically as any other organization.

We must stand up and be counted for what we believe.

Let us remember that we are a prosperous people today, because of a free enterprise system founded on spiritual, not material values. It is founded on freedom of choice—freedom of religion—freedom of speech. We must keep America strong—economically, strongly, but above all, spiritually strong—so that our way of life may endure. This is your challenge and mine—a challenge to every American no matter who or what he may be. “God grants liberty only to those who love it and are always ready to guard and defend it.”

Let us here today rededicate ourselves to this noble end—to, keeping our nation strong and free. Let us firmly resist every move to socialize and regiment our lives. Let us stand up and speak out.

If we achieve this—and we must—and we shall with the help of Almighty God—we shall have done our small part to preserve the principles upon which this choice land was founded.

God grant that we may remain ever mindful of our heritage and our duty.

HOPKINS, HARBOCH Co.

To Admit to Firm

LOS ANGELES, Calif.—Hopkins, Harbach & Co., 699 South Grand Avenue, members of the New York Stock Exchange, on Feb. 5 will admit Primo Thalmann, III, to partnership.

With Robert C. Kerr (Special to The Commercial Chronicle)

INDIAN ORCHARD, Mass.—The Franklin National Bank has announced a number of executive changes with Robert C. Kerr & Co., 103 Essex Street.

“Fresh Looks” at Many Things Needed

“Although the government has many programs that affect prices and costs—including, of course, procurement—there is now no central mechanism for following their current operations to see whether they are being conducted, in so far as possible, in line with the need for reasonable stability of prices and costs. This newly established committee (special cabinet committee on activities affecting prices and costs) will provide such a mechanism.

“Each of the programs covered by this order operates under its own law and regulations, and each was set up for a specific purpose. What is needed today is a fresh look at how they are operating in the light of modern-day economic problems.

“We need to make sure that we are not contributing to the nation’s inflationary problems by the way in which we run our own government business.”

—President Dwight D. Eisenhower.

Much more than “the way in which we run our own government business” needs a “fresh look.”

Coffee & Sugar Exchange

Appoints Board Members

The New York Coffee and Sugar Exchange, Inc. has elected two new members to the Board of Managers to serve a two-year term during 1959 and 1960. It has been announced by Charles S. Lowry, President.

They are Arthur A. Ainausen, Vice-President and director of the

Kuhn, Loeb & Co.

The First Boston Corporation

Eastman Dillon, Union Securities & Co.

Harriman Ripley & Co.

Lehman Brothers

Stone & Webster Securities Corporation

William Blair & Company

Lee Higginson Corporation

Blyth & Co., Inc.

Glore, Forgan & Co.

Kidder, Peabody & Co.

Merrill Lynch, Pierce, Fenner & Smith

White, Weld & Co.

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$50,000,000

Inland Steel Company

First Mortgage 4¼% Bonds, Series L

Dated February 1, 1959

Due February 1, 1989

OFFERING PRICE 100% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State only from such of the undersigned and others as may lawfully offer these securities in such State.

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31-23
How High the Stock Market
And the Investment Outlook
By REUBEN THORSON
Senior Partner, Paine, Webber, Jackson & Curtis
Chicago, Illinois

Securities dealer offers several reasons belief:
(1) high-multiple stock prices will continue relatively firm and lower yields will remain for sometime; (2) "temperamental" fluctuations will occur at these high market levels; and (3) paradoxical simultaneous fear of inflation and confidence in economy's future is primary motivation for equity-ownership.

Mr. Thorson admonishes reliance upon averages, and specifies industries apt to show particular promise.

During the past year we have witnessed a rare phenomenon: a steady and persistent stock market bias with scarcely any interruption, save for a few weeks in April and a few days now and then. Based on the commonly accepted Dow-Jones Average, consisting of 30 industrial stocks, the market rose from 398.99 low, to 583.65, where it closed the year. This was an increase of 54%. The Standard & Poor's Index of 425 industrial stocks, considered by many a better barometer, rose from 43.20 to 58.97, or about the same. Averages in ages in themselves can sometimes be misleading. Recently, a market analyst pointed out that if American Telephone had not been substituted for IBM in the Dow Average in 1959, that average would have gone up about 1.900, instead of at the recent level of 590.

It is my opinion that even these averages pay too much attention to what the averages are doing from day to day. I have no doubt that they frequently cause hasty decisions to be made by the person who is moved by this impulse often reverts. We hear more and more often today that, "It's a more mature lot of stocks than of the stock market." If a person makes a well-chosen purchase in a security because he is confident of the management and the longer-term prospects of the company, he should probably try to detach himself from the influence of the averages. Loss of a well-conceived investment position in a stock, the common regrets that a shareholder can have.

How High the Market?
A year ago prices had been declining sharply and our big challenge was to determine whether recovery was near at hand; hence, whether prices at that level would hold or advance. Today, the challenge is reversed and many are asking whether prices have not gotten too far ahead of business recovery and earnings prospects.

The answer is no more distant than the knowledge that in 1927 the Dow-Jones Industrials have risen 54.84%. Normally, given more time, we should experience a great deal more than this amount from the bottom of recovery before the top is reached in the succeeding bull market. Thus, the percentages would seem to be in favor of a further rise.

As I look at the outlook for the next two or three years, barring war, is for a number of factors gain in earning power of the companies, which are well adapted to these times. Here’s the advantage of the 50% cut in corporate dividends, and there are many who share this view, it is hard to believe that prices will drop seriously while waiting for earnings to catch up.

But, as many have noted, the upturn in average prices started about five months before the upturn in general business, and the rise in average prices has been at a faster rate than the rise in general business or earning power.

General improvement in dividend has started only recently. Moreover, as it is true now as ever, that the ultimate support of all equity prices is the yield from dividends. Admittedly, the yield from dividends is extraordinarily low today. Why, then, should we not anticipate a substantial downward "correction" in prices during the period needed for rising business volume to create rising earnings and these, in turn, to create higher dividends?

Submits Reasons for Firm Prices
I believe that prices will remain relatively firm for several reasons:
(1) Foremost is the mildness of the post-war recession — 13 years after World War II. This third recession in the postwar period seems to have convinced management that investors that we have developed stocks for controlling recession and for maintaining relatively full employment. There is danger in this philosophy, as we all know; nevertheless, it does cor-

The securities listed below are being offered as a secondary distribution by the underwriter.

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Capital Stock
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Capital Stock
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SAN FRANCISCO

12 (544)
The Commercial and Financial Chronicle . Thursday, January 29, 1959

Forms Estate Planning
PITTSBURGH, Pa. — A. Edward D. Donohue is conducting a securities business from offices in the First Building under the firm name of Estate Planning Services.

With M. P. Giessing
(Special to The Commercial Chronicle)
FARMINGTON, Mo.—Thelma B. Marler has become connected with M. P. Giessing & Co., 116 North Jefferson Street.

Krakowsky Opens Office
(Special to The Commercial Chronicle)
BEVERLY HILLS, Calif.—Morris Krakowsky is conducting a securities business from offices at 222 South Beverly Drive.

With Morton, Hall
LEWISTON, Maine — Reginald H. Letourneau is now with Morton, Hall & Rounds, Inc., 226 Main Street.

Donohue & White Opens
Donohue & White is engaging in a securities business from offices at 1631 Grand Central Terminal Building, New York City. Joseph G. Donohue is a principal of the firm.
Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

As time passes, it becomes more likely that Congress will come up with some additional tax on the life insurance companies. The companies are concerned because of the possibility that, if new legislation is enacted, the carriers will be put back on the basis of the law that was in effect in 1942, and that this is estimated that the tax rate will jump from a modest billion to $500 million. Some of the companies feel that the unfavorable prospect in literature sent out with premium notices.

The appropriate congressional committees have been holding hearings on the matter. In the Wall Street Journal, if the bill now being considered is enacted, the stock companies would be assessed about 32% of the industry's total Federal tax bill, versus the 26% they have been paying under the stop-gap arrangement. The mutuals will be better served, for their proportion would drop from 21%.

The price action of the stock companies seems to say that the prospect of a bigger tax bill has been discounted...

Announcement has been made that about 96% of the stock of Bostock's Radios and Fire Insurance Company has been assigned to the merger with Hartford Fire, among our largest stock groups. There continue to be announcements of mergers involving Hartford casualty companies of fleets take over firewriters; a few instances in which the reverse action takes place. Probably the chief reason has been the sharp expansion of business written by the life companies since the end of the war.

For example, the total value of life in 1938 has been estimated by Alfred M. Best Company at about $85 billion, down some $1,200,000,000 from 1937. This is a stupendous sum, when pilled up to the present insurance in force, and it is estimated that the fire-casualty writers want to participate, if possible, in a volume of business if possible.

An added incentive to having a life department in a company is the fact that the fire-casualty is the fact is that the latter lines have had such rough going in the several years; the addition of some life company, particularly in an era when longevity is so much more in the insurance company's favor, would to some degree smooth out the year-to-year results.

Financing the matter of the agency plant. Many fire-casualty companies have large agency plants which have had a rough going in the several years; the addition of some life company, particularly in an era when longevity is so much more in the insurance company's favor, would to some degree smooth out the year-to-year results.

Jones Heads L.A. Div. of Coast Ex.

William H. Jones, President of Wm. H. Jones & Co., was elected chairman of the Governing Board of the Los Angeles Division of the Pacific Coast Exch., for a term of one year, 1959, to fill the unexpired term of H. R. Smith, who has resigned.

Mr. Jones, Vice-Chairman of the Division Board last year has been a member of the Exchange since 1938, and has previously served two three-year terms as Governor. He has been active in the banking and securities business in Los Angeles since 1925, organization of Wm. H. Jones in 1938. Mr. Jones is a member of the Los Angeles Athletic, California and Lincoln Clubs.

Midwest Exch. Members

CHICAGO.—The Executive Committee of the MidWest Stock Exchange has elected Harold F. Neary of Neary, Purcell & Co., Chicago, Ill., to fill a one year term on the Governing Board, and Brian F. Neary, son of Harold, to fill a one year term on the Governing Board.

New Walston Branch

SALEM, Oreg.—Walston & Co., Inc. has opened a branch office at 659 High Street, E., under the management of John A. Goff, Jr.

With Robinson-Humphrey

(545) 13

Consolidated Edison Company of New York, Inc.

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When Wage Inflation Causes Price Inflation

By DR. JULES BACKMAN
Professor of Economics, New York University.

Based on material from a forthcoming book, Dr. Backman singles out principal criteria guiding the setting of a wage, and analyzes the relationship between wages and inflation. The economist concludes wage increases have contributed significantly to consumer price rises in recent years. He notes that (1) wage inflation takes its toll in rising prices, lower profit margins, or unemployment; (2) labor cannot escape the toll entirely; and (3) we cannot accept even creeping inflation because it greatly affects future economic growth. Issues the warning that creeping inflation can increase in galloping and then runaway inflation, and urges vigorous action to stem all forms of inflation, whether fiscal or wages and various non-wage benefits.

While economists debate various refinements to a theory of wages or attempt to evolve new theories, businessmen and labor unions must go about the business of reaching bargains on wages and various non-wage benefits. Their actions in time have an impact on theory. In the market, it means that they face the law, business, union, or triennial problem of reaching agreement on a new contract.

What determines the maximum acceptable price for what labor will pay? Or the minimum decreases it will accept? What determines the minimum advances acceptable to the bargaining parties? These questions are considered usually in connection with wage criteria. They are divided into six categories: economic environment, wage comparisons, cost of living adjustments, productivity, and ability to pay.

When times are prosperous management generally is willing to grant - and the unions to insist upon - larger increases when earnings are rising faster than costs of living. When times are hard, management tends to favor lower increases, while the unions are in favor of higher advances when times are dull. The interrelationship of these wage criteria is thus critical. When the parties cannot reach an agreement, it is then the task of an arbitrator or a fact-finding board, then the wage criteria come into play.

When the worker's level of living and his chances for increasing it are restored becomes a minimum objective to wage management. Productivity has emerged as an important factor in the post-World War II period. Ability to pay is emphasized by unions in good times but inability to pay is an important factor in unfavorable conditions. The use of this criterion is in the background in its attitudes toward the proper use of this criterion.

One thing is clear - the criteria are not diagnostic of a computer which will help the man-hour, the man-month, or the man-hour/ man-month. They are a framework of work, a reference, usually a relatively narrow zone of tolerance for basic agreement. Agreement will fall, accordingly, that both labor and management understand fully the implications of these wage criteria.

When the parties cannot reach an agreement, it is then the task of an arbitrator or a fact-finding board, then the wage criteria come into play.

The increase in wages and in other employment costs in excess of production in any period of time, with the accompanying rise in unit labor costs, has been common experience during the period. This rise in labor costs, and the role of the unions in creating it, is an increasing problem with a growing number of economists. Included in this group are such prominent economists as Burns, Clark, Gottfried Haberler, F. A. von Hayek, and Neil Jacoby.

Effects of Wage Inflation

Whether or not wage inflation will be converted into price inflation depends in part on the relative importance of wages in the sales dollar, the trends in other costs, the strength of demand, and the price policy that is adopted. If wages account for a small percentage of total costs, the pressure on prices of the rise in labor costs will tend to be small; and the extent of increases in prices in wage inflation, the tendency seems to be more significant.

When unit labor costs rise, a number of possibilities arise from more than one alternative: (1) prices can be raised; or (2) profits can be reduced or eliminated; or (3) other costs can be reduced. Since the latter is the most common, the most important factors are those programs to reduce costs usually considered as part of a cost reduction program. The effects of complex programs of cost reduction and the actual gains are more significant. The cost saving in the production of output per man-hour. This figure does not measure labor's efficiency, labor's net contribution to production. All factors, such a change in wages, total volume of production, change in the contribution of productivity, tool power, materials, etc., as compared with one benchmark or another, are measured in the labor cost. These costs are used, while in others, output is related to all manhours, which is the case in labor cost. Clearly, the cost saving in the production of output per man-hour. This figure does not measure labor's efficiency, labor's net contribution to production. All factors, such a change in wages, total volume of production, change in the contribution of productivity, tool power, materials, etc., as compared with one benchmark or another, are measured in the labor cost. These costs are used, while in others, output is related to all manhours, which is the case in labor cost. Clearly, the cost saving in the production of output per man-hour.

We manhours because the depressed economic activities are easily measured, and are common to all industry. This is in contrast to the other factors, which are more difficult to measure and equipment. One observer has called for it in industry. The final figure, labeled "output per manhour," relate the output to all manhours, which is the case in labor cost. Clearly, the cost saving in the production of output per man-hour. This figure does not measure labor's efficiency, labor's net contribution to production. All factors, such a change in wages, total volume of production, change in the contribution of productivity, tool power, materials, etc., as compared with one benchmark or another, are measured in the labor cost. These costs are used, while in others, output is related to all manhours, which is the case in labor cost. Clearly, the cost saving in the production of output per man-hour.

Total Labor Costs Are Properly Comparitive

Comparisons usually are made between changes in weekly wages and income per manhour. Because of the widespread introduction of non-wage benefits1 in recent years, however, it is not easily measured. The labor costs which is broader than earnings per manhour, are not very meaningful. Average weekly hours per manhour cannot be noted that some of the non-wage benefits are reflected in the labor costs, and are excluded in this category. These benefits are paid during holidays, paid sick leave, vacation pay, and training, paid rest periods, travel time, and call-in pay. For these items, both the hours paid for and the amounts paid are included. Average hourly earnings. When we have an over pay, either the number of them or the cost-output per manhour comparisons. However, when output per manhour is increased, the labor costs rise. There are some changes in average hourly earnings must data be similarly calculated.

A number of important non-wage benefits have been reflected in average hourly earnings. Examples include retirement, pay¬
mens for pensions, insurance, and welfare, wage and hour legisla¬
tion, and women's compensations. A study of 1,029 companies showed that non-wage benefits accounted for 10.2% of labor costs.

Clearly, the labor cost-output per manhour may be calculated in this way. The inclusion or exclusion of non-wage benefits makes a difference. Since most of these non-wage benefits have become relatively constant, the long-term, short-term, or longer - term changes in labor costs, may be distorted by the failure to include these items in the total labor cost. Depending on the types of labor, in the long run for labor which exclude, there may not be a significant change in labor costs.

Real Wages, Output Per Manhour, and Wage Inflation

It is sometimes stated that wage increases have not caused any increase in prices because real wages have risen. Yet real wages are wages after withholding. According to this theory, it is improper to compare wages, as they are measured in dollars with output per man-hour, which is measured in physical units.

An illustration of this point of view is provided by the questionaire sent out by the Joint Expanded Federal Payments to the Defense: On Economic Stabilization. Question 3C was as follows: "Do you feel that the long period of rising prices have resulted in a decline in real wage income?" Since many of real wage increases to exceed the rise of productivity?

Higher real wages reflect the combined results of rising output per manhour, while the real wage incomes reflect the changes in the price level. However, we are interested in real wages, as they are measured in dollars with output per manhour, which is measured in physical units.

The real wage income was made for labor. In the case of the economy, that is true, of course, that labor is cost of living increases, and are common to all industry. This is in contrast to the other factors, which are more difficult to measure and equipment. One observer has called for it in industry. The final figure, labeled "output per manhour," relate the output to all manhours, which is the case in labor cost. Clearly, the cost saving in the production of output per man-hour.

An oversimplified statement of the demonstrations will render the point. Let us consider changes in labor income, and a decline in output per manhour increases by 19% and then make the same observation, but not about changes in money wages and in prices.

If money wages were no change in wages, and a decline in the number of consumer prices, real wages would increase by 39% (100 divided by consumer price index of 110). If money wages rise by 32% and the prices increase by 10% (122 divided by consumer price index of 110). If money wages rise by 130% would be increased by 10%. (130 divided by consumer price index of 110). If money wages rise by 10.5% and the prices increase by 15% (115 divided by consumer price index of 110). If money wages rise by 10% and the prices increase by 20% (120 divided by consumer price index of 110).

Note that in each of these, both real wages and output per manhour increases by 10%. To compare the two would require a calculation of the trend of the prices or at the pressures exerted on prices. Yet without that calculation, we have widely varying price behavior, namely, price indexes of 5% and price rises of 10% and 20%. On the other hand, if the changes in money wages and in median money wages in 1959 by Van Norden.

A development of the points covered in Chapters 8, 10, 12.

A development of the points covered in Chapters 8, 10, 12.

1 An address by Dr. Backman before the American Statistical Association, Chicago, June 28, 1938. The paper was taken from the author's forthcoming book, which is to be published in the spring of 1959 by Van Norden.


output per manhour are compared, we can ascertain one of the pressures on prices. Thus, when output per manhour rises by 10% and money wages by only 3%, the increase in unit labor costs which could create significant pressure for higher prices must be at least 30%. This 30% increase might become a greater increase if unit labor costs were to rise by only 10% and money wages by 32%, there is a 20% increase in unit labor costs which could create significant pressure for higher prices.

Changes in real wages properly are compared with changes in output per manhour to determine whether wage earners are sharing in a rising level of productivity. Changes in money wages properly are compared with changes in output per manhour to determine the pressures on costs and prices.

UNIT LABOR COSTS AND PRICES. The relationship between unit labor costs and prices is not always easy to determine. Nevertheless, very large increases in unit labor costs have had some impact on prices. The U. S. Bureau of Labor Statistics has made available a great deal of detailed data on this subject for the entire economy for the years 1947-1957. Table I summarizes these data.

BLS properly warns that "caution must be exercised" in connection with conclusions concerning causes and effects of relationships between wages and prices: "Prices are subject to numerous influences other than the conditions and costs of production, and a correlation could not be explained by reference to any single factor, even one as large as labor costs. Where the figures indicate that prices and labor costs showed the same kind of change, or that one or the other showed a greater increase during a particular year or period of years, this should be taken as a description of what happened and not necessarily as an explanation of what caused the change. An increase in output which would lead to an increase in price, but conversely an increase in price can result in strong pressures for increases in wages."

"There is, however, a strong interaction between demand and costs. Rapidly rising demand for the product of an industry lead to price increases and may create the incentive to bid up wage rates in order to expand working force and production. In this way, it is possible that wage costs rise as rapidly, or more rapidly, than prices."

Despite this warning, it is interesting to note that unit labor costs and prices for the entire private economy were similar between 1947 and 1957. Many of the differences in changes measured on a year to year basis, Table I shows that unit labor costs and prices did not diverge too markedly in any of the years surveyed. Such a relationship for the entire private economy does not mean that a similar relationship prevails in any industry which cannot maintain labor costs out of gains in output per manhour.

It is not surprising to find that the steady rise in wages and other labor costs has been reflected in a steady rise in the prices of all types of services.

Between March, 1955 and June, 1956, the prices of services rose 10.3%, as compared with the rise of 7.0% in the retail prices of goods.

Between 1951 and June, 1958, the prices of services rose 24.7%, while goods prices rose only 12.7%.

Between 1949 and June, 1958, the increase was 26.4% for services and 13.5% for goods.

It seems evident, therefore, that wage inflation has contributed substantially to the rise in the consumer price index in recent years. The relationship between wage increases and advances in prices for manufactured goods is even more pronounced. Since the increase in the Steelworkers Union contract was 19% every year, it is apparent that such a statement has no relationship to reality shown by the fact that the increase in total employment costs in the steel industry between 1945 and 1955 was only 29.4% while the increase in index of producer prices before taxes in 1955. In other words, if steel prices had not been increased, the industry would have operated at a huge loss in 1955.

CONCLUSION. Wage inflation takes its toll in rising prices, lower profit margins, and unemployment. Workers are adversely affected in all these three ways, while employers may escape part of the ravages of wage inflation, they cannot escape them entirely. Higher prices cut the purchasing power of all wages and benefits received under security programs. Reduced profits adversely affect the incentive to invest in new plant and equipment. The result is fewer job opportunities and a slower rate of gain in productivity. Unemployment, adding excessive labor cost increases, means that those who hold their jobs obtain their higher real earnings at the expense of those who lose their jobs or who fail to obtain jobs.

Increases in money wages and money prices increase the demand for goods and services, and contribute to an acceleration of costs. The resultant overexpansion of the money stock leads to the development of inflation. It is true that the government cannot turn off the浪潮 inflation. That support would be forthcoming is a matter of no small importance, because of our unwillingness to accept the operation of labor unions. Such an attitude is defeatist. While price increases of 2% or 3% a year seem small, they aggregate to a major erosion of purchasing power over a period of years. Thus, an annual rate of 3% price increase would double the price level in a quarter of a century. The prospect that half of the purchasing power of the dollar would be wiped out in a generation is certainly grounds for complacency. It is the task of economists to educate the public officials, workers, and the public generally as to the evil consequences of a continuation of wage inflation. Economists abdicate their role when they throw up their hands in despair and proclaim that nothing can be done about this situation. We cannot accept creeping inflation as a way of life because it would adversely affect all fixed income groups and would eat away at the foundations of incentives to save. This in turn would adversely affect economic growth.

Moreover, there can be no assurance that inflation would continue to creep. As the steady erosion in the purchasing power of money takes place, more and more persons will seek to protect themselves by anticipating the price increase. Moreover, the economic press is now emphasizing the nature of inflation. It is true that the government cannot turn off the wave inflation. That support would be forthcoming is a matter of no small importance, because of our unwillingness to accept the operation of labor unions. Such an attitude is defeatist. While price increases of 2% or 3% a year seem small, they aggregate to a major erosion of purchasing power over a period of years. Thus, an annual rate of 3% price increase would double the price level in a quarter of a century. The prospect that half of the purchasing power of the dollar would be wiped out in a generation is certainly grounds for complacency. It is the task of economists to educate the public officials, workers, and the public generally as to the evil consequences of a continuation of wage inflation. Economists abdicate their role when they throw up their hands in despair and proclaim that nothing can be done about this situation. We cannot accept creeping inflation as a way of life because it would adversely affect all fixed income groups and would eat away at the foundations of incentives to save. This in turn would adversely affect economic growth.

350,000 Shares
Arnold Alexium Aluminum Company
(A Florida Corporation)
Common Stock
(Par Value $1.00)
Price 56$ per share

Copies of the Prospectus may be obtained from such of the undersigned as may assistfully offer the securities to investors.

The offering is made only by the Prospectus.

Cruttenden, Podesta & Co.
First Securities Corporation
Fulton Reid & Co., Inc.
Durham, N.C.
The Johnson, Lane, Space Corporation
Plymouth Bond & Share Corporation
Varnedoe, Chisholm & Company, Inc.
Baker, Simmonds & Co., Inc.
Saunders, Stiver & Co.
Frank B. Bateman, Ltd.
Erwin & Company
Livingston, Williams & Co., Inc.
Nolting, Nichol & Co.
Westheimer & Company
Carr, Logan & Company
A. M. Law & Company
Lloyd Arnold & Company
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This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these securities. The offering is made only by the Prospectus.

January 28, 1959

Volume 188 Number 5816 . . . The Commercial and Financial Chronicle
The Commercial and Financial Chronicle | Thursday, January 29, 1959

The Commercial Bank of North America, New York, has promoted Garry Stolzberg, Irving Herbert, and Herbert D. Bucker to vice-president positions. It was announced on Jan. 29 by Jacob Leichtman, President. They formally joined the bank's main office, 110 Fifth Avenue.

Mr. Stolzberg, who has been with the institution since founding in 1924, will be in charge of the bank's New York, 1953, he joined the bank's Philadelphia office, naming a director of the bank. Mr. Stolzberg will also be a director of the bank.

Herbert A. Baker will continue in charge of the bank's York, 1953, he joined the bank's Chicago office. Herbert will also be a director of the bank.

The Board of Directors of The Dowell National Bank of Shafftown, N.J., an institution of the Chase National Bank, announced on Jan. 29 by Edward L. Perkin, President. The bank will be increased to $10,000,000 of the capital and surplus of the bank. Effective Feb. 2, the name of the bank will be changed to The First National Bank of Washington, D.C., according to an announcement made by President Edward L. Perkin.

Ralph W. Igoe was elected a member of the Directory Committee of the Delaware County National Bank in December, and the bank's new officials met at the bank's Huntington office.

The National Bank of New York, N.Y., was granted approval to increase its capital stock from $5,400,000 to $8,800,000 consisting of 92,000 shares of $100 par value each, by the Comptroller of Currency, at its initial meeting at the bank's Huntington office.

Empire Trust Company, New York, N.Y., was granted approval to increase its capital stock from $8,800,000 to $10,100,000 consisting of 101,000 shares of the same par value.

The National Bank of Newark, New Jersey, is offering to the holders of its capital stock of 92,000 shares the right to subscribe to an additional of $12,500,000 par value capital stock at the rate of one share for each six shares held.

Stockholders of record on Jan. 9, 1959, for 25,000 additional shares of common stock at $10 per share, will be entitled to subscribe for an additional of $25,000 additional shares of common stock at $20 per share.

The early retirement of J. M. Kilpack, Executive Vice-President of Central National Bank of Cleveland, Ohio, was announced on Jan. 22, by Loring L. Gebhart, President. Mr. Kilpack's retirement will become effective March 1.

Mr. Killpack will remain closely identified with the Bank, serving in an advisory capacity and assisting in the continuing as a member of the Board of Directors and Executive Committee.

Meanwhile, John B. Van Auken, Chairman of the American National Bank of Chicago, has announced that he is retiring as President of the Bank and will serve as Chairman of the Board of Directors.

The Board of Directors of the First National Bank of Chicago, appointed Mr. Van Auken as President of the Bank on Jan. 15, 1953, and Mr. Van Auken has served as President of the Bank since that time.
Stocks continued to be hobbled by selective profit-taking this week but it didn't stop a few issues from going up good gains although the demand was spotty and erratic. The overall effect was mostly negative and even unless the list could find some incentive for more determined action.

Rotating leadership in the blue chips kept the industrial average close to its all-time high, and the market still had concentrated strength at any one time to enable the list to work across the 600 line decisively. So far the reading of trendings above that line have been achieved solely by taking the best prices of the components, and no actual hourly posting from has made the mark which has become something of a goal.

Spotty Rallying

Some of the oils, steels and "split candidates" were able to supply the rallying tendencies when the going was rough but the record even here was a bit spotty. Steels were sparking better action at one time but news that Bethlehem Steel and Youngstown Sheet had definitely ended the idea that a merger plans cut the latter back rather hard.

Oils were showing the first signs of life that they have mustered in months when the drop of a third in profit in Standard Oil of Jersey and Borden, Inc., along with telephone reports in advance by the Venezuelan decision to revise its tax rate for refining, look upon wasn't overly hard-hit consequently, since the shock value was taken.

Divergent Split Reactions

Even where split hopes were high, apparently a good bit of the news had already been discounted, notably Warner Lambert which was definitely reactionary after a 2-for-5 split which was proposed. Denver & Rio Grand in the rails hailed a stock split proposal but was followed by a profit-taking move in Allied which wasn't overly prominent among the split hopefuls was able to appear among the good gainers when its split plans were revealed.

The varied reactions indicated that the demand was much more cautious. The inability of the industrial average to get going again, the dwindling volume that indicated much of the new year's retail demand had been satisfied, and the fact that the period for realizing cash for tax payments was rapidly approaching, all weighed against the short-term speculative sentiment.

The market was also rather sensitive to news developments of an unfavorable nature for a change, after it had plunged ahead steadily despite any and all news developments had earnings through the bulk of last year. Rejection of a shipment of motors by the government brought an immediate and somewhat excessive decline in Westinghouse. Court action by Texas to disrupt the merger of Sinclair Oil and Texas Pacific Oil & Gas was all that was needed to unsettle the latter speedily.

The really wild item—and explanations failed to answer most of the questions—was Borne Chemical on the Amex where the stocks of oils and greases. A few months ago it was 7½ and two weeks ago had reached 28. It took off as a stock packet from there to reach 80 in a handful of trading sessions which served to bring on official investigations of the matter. In shorter time the issue had lost around half of its peak price.

Interest in Meat-Packers

One group that was getting much attention both because of good prospects and the fact it is far from being at anything approaching a too-high status is the meat packing shares. Most of the attention was concentrated on the nondividend-paying, depressed items in the section where the capital gains could be greater. But Swift & Co., while admittedly not destined to outperform the others per centagewise, was still an item of interest both because of its yield approaching 4½%, and the fact that there is considerable elasticity in this than in the more speculative items in the group.

Swift's good yield continues despite a trim in the rate from $2 to $1.60, which helped carry the issue nearly a dozen and a half points below its highs of recently as 1956. Reduced livestock supplies in the last couple of years have hurt the outlook for a good packers and the fact that profit margin is extremely low. But indications are that, particularly in the May, the livestock supply this year will be substantially higher. Rough projections of Swift's earnings potential for the current fiscal year range where the present dividend is covered three times over which, obviously, makes the stock a candidate for a return to the old rate in time.

Baltimore & Ohio isn't one of the higher-yielding items, hovering lately in the 6¾ area. But the regular payment could still be larded with a better yearend distribution this year. The line paid 50 cents last yearend but covered its full-year's payment of $1.50 more than three times over.

On the basis of earnings that dropped from $10 to $8½ to $5.37 in the last three years, the bond isn't good. But substantial economies have been made and, like other rails, B. & O. showed a good growth of earnings in the last months of last year. Projections are for 1959 around $8 a share. The recently increased quarterly payments for this year that put it on the $1.50 basis before any yearend extra make a payout a pure fraction of total earnings.

Coppers Volatile

The volatility section of the list was the copper shares, influenced mostly by wild fluctuations in the price of the metal in world markets.

The oils continue, despite their momentary popularity, to be more neglected of the major stock groups. Skelly Oil at recent levels was holding at a level that reached less than half of the 1957 peak of $19.98 per share. In less than a decade the capital expenditures by the company approximated its recent market price. Its dividend was covered twice over by last year's earnings. Moreover it is an issue with little floating capitalization since nearly 60% of its less than six million shares are held by Missional Corp. The company has a company which is expected to derive its revenue and any major discovery could have a sharp impact on the small capitalization available outside Missional's holdings.

With Merrill Lynch (Special to The Financial Chronicle)


Rousselet Rejected By Commodity Exch.

Harold A. Rousselet, general partner in the mercantile business, on Jan. 22 was unanimously rejected by the Board of Governors of Commodity Exchange, Inc., in the tenth term as President to serve the exchange since its founding in 1932. Other officers elected were Vise President, Timothy F. Carberry, President, Metal Traders, Inc., representing the Metals Group; Matthew S. Fox of Balfour, Macneal, Inc. for Rubber; Walter B. Stern, President, H. Elkin & Co., for Hides; J. Raymond Stuart, General Partner, E. F. Hutton & Co., representing the Commission House Group; and John McN. Sullivan, President, Geri Internationl Corp. for the Silk Group. Joseph R. Weatherby, Poin & Co., was reelected Treasurer.

New Governors elected to the Board for a three year term were: William J. Devey, Jr., his second President, Schnell File-Deavy Corp.; Timothy F. Carberry, President, Metal Traders, Inc.; Henry Mintz, Herman Holland & Co., William Reid, general partner, Bache & Co.; and Joseph Louis, President, L. Littlejohn & Co.

Commodity Exchange, Inc., which recently celebrated its Silver Anniversary, is a membership corporation, with membership owned by individuals who represent a cross section of the nonferrous metals, rubber, burlap, and hides trades and most of the well known brokerage and commodity house firms with branch offices and correspondence in practically every important city in the U.S. and abroad.

Comex was founded in 1933, when the National Metal Exchange, the Rubber Exchange of New York, the National Raw Silk Exchange and the New York Hide Exchange were merged into one.

Becton, Dickinson and Company

$500,000 Promissory Notes, due December 31, 1963

$4,500,000 Promissory Notes, due December 31, 1978

$2,000,000 Subordinated Notes, due December 31, 1983

F. EBERSTADT & CO.
An Urgent Appeal for Trade Voiced by U.S.S.R.'s Mikoyan

At a recent gathering in Cleveland, Ohio, Mr. Premier Anastas I. Mikoyan of the U.S.S.R. Union Club in Cleveland, Ohio, made an appeal to our warmest congratulations on their scientific achievement.

EDITOR'S NOTE: The following is a transcript of the speech by heads of leading corporations and representatives of agriculture, labor and science on the occasion of the Jan. 7 quincentennial of our country. Dr. C. Higgins declares there are no medical secrets. In response, Mr. Mikoyan readily concurs U.S.S.R. is trying "to catch up and overtake" us in peaceful race for higher standard of living and productivity; believes in the importance of trade in developing in urgent trade take place; and issues a rebuke to charges of undermining markets and dumping benzol, tin, copper and natural rubber.

Mikoyan's Appeal

Mr. Mikoyan's appeal to us from the U.S.S.R. was greeted with warm congratulations on their scientific achievement.

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Railroad Securities

Carloadings Increase Forecast

The forecast of the nation's carloadings for the first quarter of this year by the Shippers Adviser Boards is for an increase of 4.5% over the 1958 period. This should mean a good increase in net income for the first three months of this year, particularly in view of better conditions and lower expenses as compared with a year ago.

The forecast is based on the assumption that there will be no significant changes in the transportation of freight other than the increased crop production and trade. Total carloadings for the period are estimated at 5,666,736 as compared with ledges of 5,246,269 actually handled in the like 1958 period, a gain of 5.3%.

It is interesting to note that among the largest gains forecast are for iron and steel, 20%, and ore and concentrates, 23.5%. This should mean that revenue and net income of the railroads serving heavy industries could have a sizable increase in the first three months as compared with a year ago. These roads would be in the Western carriers which have been hurt by the drop in the production of heavy industries.

Of the districts reporting, only the Northwest Board forecast a drop in coal loads at 2.8% and the main reason was the fact of the 1958 loads were much higher than those of any year.

The largest increase in freight for the Allegheny District where a big increase in carloadings is expected. This is anticipated because of a pickup of some 1000 in carloadings and a big increase in tonnage. Iron and steel shipments are expected to increase from the 1958 level of 100,000 tons. Coal and coke, the main commodities handled, are estimated at 12,472 cars as compared with actual loads of 12,000 tons in 1958. This should increase slightly and add considerably to revenues for the first quarter.

Of the supplementary forecast by the Board, the carloadings of iron and steel are placed at 28.5% above a year ago and 15.4% above the 1958 level. Of the individual territories the following predictions are made:

New England Board: An increase of 6.1%, with the main line.

J. Barth & Company to Admit R. E. Rhodes

J. Barth & Company, Los Angeles, Calif., has admitted R. E. Rhodes as a member.

Surrey Oil & Gas Corp.

Common Stock

Price $3 per Share

Surrey Oil & Gas Corp.

Price $3 per Share

Underwriter

PETER MORGAN & COMPANY

149 Broadway

Digby 9-3430

New York, N. Y.

These securities have not been made offers for sale under the laws of any state where sale would be a violation of state securities laws.

Price $3 per Share

Underwriter

PETER MORGAN & COMPANY

149 Broadway

Digby 9-3430

New York, N. Y.
Canada's Business and Financial Leaders Speak After Turn of Year

Continued from first page

depleted supplies in that country. The annual export value of this item has surpassed the $100 million mark for the seventh consecutive year.

Among Canada's newer exports, sales of uranium have risen more than two-fold since last year to a figure in excess of one-quarter billion dollars annually. With the bulk of the output of these highly enriched substances, the production cost of which has been reduced by several million dollars, production to date has been quite moderate. There is, however, strong indication of a further expansion in market demand. Partly as a reflection of this improved situation, the producers have increased their production of uranium.

Production will be increased from first quarter figures to about $125 million in the second quarter. This increase will be adequate to meet demand.

Agricultural exports have also risen appreciably. The total value of agricultural exports has reached a new high of $1.4 billion, an increase of $400 million over the previous year's total of $900 million. This represents a record high for the year and is well above the $1 billion mark achieved in 1957.

Agricultural products, particularly in the form of grain and meat, have been high on the list of Canadian exports. The value of grain exports alone has reached $700 million, an increase of $200 million over the previous year. Meat exports have also shown a significant increase, with the value of beef and pork exports reaching $250 million, an increase of $100 million over the previous year. Dairy products and poultry have also contributed to the growth in agricultural exports.

Canada's exports of machinery and equipment have also shown a significant increase. The value of this category of exports has reached $300 million, an increase of $200 million over the previous year. This category includes a wide range of products, from small tools and machinery to large-scale industrial equipment.

The increase in exports is largely due to the strong demand from the United States, which is Canada's largest export market. The value of exports to the United States has reached $1.2 billion, an increase of $300 million over the previous year.

The increase in exports is also due to the strong demand from other countries in the world. The value of exports to other countries has reached $700 million, an increase of $100 million over the previous year. This includes exports to European countries, Asia, and South America.

The growth in exports is also due to the strong demand for Canadian products in the world market. The value of exports in the world market has reached $1.6 billion, an increase of $500 million over the previous year. This includes exports to the United States, Europe, and other countries in the world.

In summary, Canada's exports have shown a significant increase in the past year. The growth in exports is largely due to the strong demand from the United States, which is Canada's largest export market, and other countries in the world. The growth in exports is also due to the strong demand for Canadian products in the world market. The growth in exports is expected to continue in the future.
Helpful Investment Guides

By WILLIAM L. WARNER*
Manager, Modesto, California, Office
Dean Willer & Co., Investment Bankers

Mr. Warner provides a series of guides for attorneys who are called upon by their clients about the investing. Drawing upon his business and academic teaching experience, he provides a portfolio planning sheet which classifies the potentialities of industrial groups as stable, average and cyclic, and, in turn, advises the client on superior and superior average growth. He also presents a composite list of industries believed to have a superior outlook and suggests, as the final step, use of brokers as "expert witnesses" in selecting particular companies.

Brokers have often been accused of providing advice to clients that members of the firm should have the opportunity to advise investors. It is appropriate that a good word should be said for the Stock Exchange, Survey, and competitor, which decides the investment pattern. The survey may supply the advice what should it be? To begin with, we are not going to forecast the probable future levels of the Dow-Jones Average. In a recent article in the Commercial and Financial Chronicle, Roger Babson shows the folly of this practice. Mr. Babson writes "I am not wrong in my forecast a year ago, the Dow-Jones Average—especially the Industrials—sell higher."

What I will say is that the average investor should not be afraid of future declines in future years than in the past. This trend has been in evidence as far back as 1917 and seems likely to be more emphasized in the future. If the government continues to offset cyclical downturns in the private sector by action in the public sector—the possibility of future declines in corporate earning power is slight. Not only do I observe a leveling effect on the Dow-Jones Average but there are a leveling of earnings, but, in addition, long-term buying by institutional investors tends to smooth stock price charts even more than the leaders of the Dow-Jones. Thus, institutional buying tends to be increasing when a given stock becomes "cheap" whereas only normal amounts are bought on price declines. But if the Dow-Jones Average, as the issue is deferred entirely. That this practice will flatten the peaks and fill in the valleys of stock price charts is obvious.

Institutional buying alone in buying stocks of leading companies on a dollar-averaging basis over a span of years. Individual investors are also accumulating investment in securities and buying stocks with quarterly purchases. Mutual funds shares are particularly appropriate for this purpose. They provide sophisticated selection, continuing supervision and portfolio diversification, all at a cost not greater than a conventional portfolio. Many large institutional investors are doing this and the individual investor should consider it. Switching over to one investment service via direct wire or telephone may be handled through Dominick & Dominick.

*From a report by Mr. WARNER, President of the Stanislaus County Bar Association, Calif., Jan. 3, 1949.

Cyclical Industries

Superior Growth:
- Aircraft Manufacturing
- Aluminum and Light Metals
- Helicopters
- Mines

Good Growth:
- Air Transport
- Auto Parts
- Coal
- Fertilizers
- Machine Tools
- Non-Ferrous Metals
- Railroad
- Radio-TV, Appliances

Average Growth:
- Aircraft & Machinery
- Automobile
- Distilling
- Floor Covering, Furniture
- Mail Order
- Meat Packing
- Motion Pictures
- Railroad Equipment
- Specialty Stores

Note: Area growth and company position in the industry (whether dominant or marginal) can shift a holding into an adjacent category. Attention must be given to position in the cycle (level of stock prices and business generally), and to industry position, notably the level of industry sales within the industry cycle.

The index figures show how much lower these groups are than the general market. Each industry would have to sell higher by the indicated percentage to occupy its "normal" position in the market. Need to invest more in the market all ways has some groups outside and some being "behind the averages." It is remarkable how well though not regularly the laggards of one year become leaders the next. (For documentary evidence of this I refer you to the various studies of industry performance published by Standard & Poor and to studies of annual performance by stocks in the Dow Jones Averages.)
enjoy as members of this North American community, each, each of us, must be the maximum personal contribution, physically and mentally, during 1959 and the years to follow, to the end that we and our children may continue to savor, to the fullest possible extent, the enjoyment of this way of life.

HARRY C. ASHDOWN
President, The J. H. Ashdown Hardware Co., Ltd.
The general picture of what Canadians can expect in terms of business is not too bright; indeed, it is a little sobering. It is not one of robust growth such as we experienced during the period 1954-56, but in view of some of the experience of 1957, it is hardly a surprising development.

Let each take the firm resolve to make the maximum personal contribution, physically and mentally, during 1959 and the years to follow, to the end that we and our children may continue to savor, to the fullest possible extent, the enjoyment of this way of life.

The Dilemma of Fiscal Policy

No little consequence in the economic improvement that has been experienced over the past four years is theverted budgetary conditions which have led to the fiscal restraint of 1957 and 1958. The most noteworthy feature of the past year, has been the hand eased by the decline in both export receipts and personal consumption. For the year as a whole, aggregate national income was somewhat lower than in 1957. In other words, notwithstanding the important increase in the level of producer costs, and the downward trend in the prices of finished goods, the level of effective demand was not sufficient to absorb the increased output of production. As a consequence, there was a substantial increase in the level of inventory stocks associated with the decline in the volume of output. This reduction in the level of effective demand, together with the increased level of inventory stocks, has contributed to the decline in the level of real income and to the reduction in the level of consumer spending. As a result, the level of real income and the level of consumer spending have declined at about the same rate. This has had the effect of retarding the rate of growth of real income and real consumer spending.

Inflation—The Cheaper Dollar

The magnitude of the problem is such that it is an unfamiliar experience for this country and, in conjunction with the expansion of the money supply, has raised questions in many minds about the long-term effects of the sustained high level of consumer spending. Despite the fact that the level of consumer spending has increased during the period 1954-56, it is clear that the level of consumer spending has not increased at a rate sufficient to absorb the increased output of production. As a consequence, there was a substantial increase in the level of inventory stocks associated with the decline in the volume of output. This reduction in the level of effective demand, together with the increased level of inventory stocks, has contributed to the decline in the level of real income and to the reduction in the level of consumer spending. As a result, the level of real income and the level of consumer spending have declined at about the same rate. This has had the effect of retarding the rate of growth of real income and real consumer spending.

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**Public Utility Securities**

*BY OWEN ELY*

**,wholesale**

**Carolina Power & Light Company**

Carolina Power & Light serves electricity to about 200 communities in North Carolina including Asheville, Wilmington, Raleigh and Goldsboro. Some 2 million kilowatt hours are supplied at wholesale. Population in the area is over 2,000,000. Cotton sales are 172,000 bales, an important crop, but industrial activity has been gaining rapidly. Products include textiles, electronics, munitions, boilers, paper, chemicals and food products.

The company's 1957 Report stated: "Fortunately the area served by the company is blessed with tremendous possibilities for growth. Investment in new industries and expansion of existing industries announced for the area during 1957 showed a gain of approximately 50% over the preceding year. Much of the new industrial development is in the Tidewater area.

In spite of the increase in industrialization, only about 25% of the revenues are industrial (over half from textile manufacturing). Residential and rural business contribute 47%, commercial 17% and wholesale 9%.

About 18% of output is generated by hydro, and with efficient steam generation capacity residential rates are low and usage high. In 1957 average residential revenue per kw, was only 2.60c, about 20% below the U. S. average, and average residential usage of 4,529 kw was 43% above the national average. During the 12 months ended Sept. 30, 1958, usage increased 396 kw. (compared with a gain of 260 kw. in the year 1957) bringing the annual amount up to 4,539 kw.

Net capacity of operating plants at the 1957 year-end was 1,000,000 kw., of which 187,000 kw. was hydro and an additional 211,000 kw. was available through purchased-power contracts. A new 175,000 kw. unit was added in mid-summer 1958, bringing total available power to 1,256,000 kw. Peak load in 1957 was 972,000 kw.

The installation of this new equipment should reduce the amount of purchased power and presumably will benefit overall efficiency with resulting favorable effects on earnings. About 70% of higher costs resulting from increased unit prices for coal are recoverable through automatic adjustment clauses in rates for larger industrial and commercial customers.

The company expended over $32 million for construction in 1957 and a comparable amount was budgeted for 1958. At the end of 1957 long-term debt was 42% of capitalization, preferred stock 14%, and common stock (6,500,000 shares outstanding) 43%. The company sold 91 1/2% of its 1958 bonds which had the effect of reducing the equity ratio moderately. However, the latter should still compare favorably with the general average.

"As indicated in the table below, the company has enjoyed a favorable growth record with revenues increasing 133% since 1948. Share earnings have more than doubled and the common stock has more than tripled in price during that period.

In the 12 months ended Sept. 30, revenues increased at the rate of 6% over the previous quarter, despite some decrease in industrial revenues in the first half of 1958. However, for the September quarter, industrial sales made an improved comparison with 1957. Share earnings for the calendar year 1958 were $2 compared with $1.85 in the previous year, a gain of 8%. This was an excellent showing, covering the loss of industrial business in the first half. However, the company was probably favored by good hydro conditions; operating expenses (other than maintenance, deprecia-
tion and taxes) increased only 1%. During the 12 months ended Sept. 30, indicating fuel savings. However, indications were that hydro was less favorable in the month of October than in the same month of 1957, and the calendar year earnings were 1c lower than for the 12 months ended September.

The stock in January has advanced to a new high of 41 1/2 and

**Con Edison Offers 4% Debs. to Stockholders**

Consolidated Edison Co. of New York, Inc., is offering the holders of its common stock of record Jan. 26, 1959, rights to subscribe at 100% for $50,660,000 of 4% convertible debentures, due Aug. 15, 1973, at the rate of 100 principal amount of debentures for each 25 shares of common stock then held.

The debentures are convertible on and after May 1, 1959 at a conversion price of $61 per share payable by surrender of $10 of debentures and $23 cash in exchange for two shares of common stock.

An underwriting group headed jointly by Morgan Stanley & Co. and The Houston Company has been formed to underwrite the offer which will expire at the close of business on Feb. 13, 1959.

"The proceeds from the sale will be applied by the utility company to the payment of an estimated $35,000,000 of short-term bank notes, and the balance toward payment for additional utility plant after Nov. 1, 1958.

In connection with the proposed financing the company reports it is engaged in a construction program which will involve expenditures estimated at $1,000,000,000 for the years 1959-63. This includes the proposed acquisition of three power plants owned by the City of New York which serve Transit Authority subway systems. The prime expenditure for electric plant will be $460,000,000 for turbo-generators and associated equipment and $440,000,000 for transmission and distribution system additions.

The company is a public utility company engaged in the generation, transmission and distribution of electricity, gas and steam. It supplies electric service in the Boroughs of Manhattan, The Bronx, Brooklyn, Richmond and Queens excepting the Rockaway District and in Westchester County excluding its northeastern portions; gas service in the Boroughs of Manhattan and The Bronx, in the First and Third Wards of Queens and in the more populous parts of Westchester County; and steam service in part of Manhattan. Approximately 80% of the company's operating revenue is derived from sales of electricity approximately 10% from sales of gas and approximately 5% from sales of steam.

For the 12 months ended Oct. 31, 1958, total operating revenues of the company amounted to $571,502,000 and net income applicable to common stock to $54,304,- 000, compared with $55,690,000 and $47,121,000 for the calendar year 1957.

**Ben H. O'Hara With Harris, Upham & Co.**

S. J. Brooks & Company

**THE RIO TINTO GROUP in Canada**

**ALGOMIN URANIUM MINES LIMITED**

**NORTHSPAN URANIUM MINES LIMITED**

**MILIKEN LAKE URANIUM MINES LIMITED**

**PRONTO URANIUM MINES LIMITED**

Combined capacity largest in the World

The Rio Tinto Mining Company of Canada is managing companies whose uranium production today represents some 60% of the current output of the famous Blind River Ontario.

More than 6,000 men are now employed on the seven major properties of the Rio Tinto Group and many already lives with their families in new homes and fast growing towns of Elliot Lake, a modern municipality based entirely on the district's uranium development.

Brought into being at an overall cost of $200,000,000, and possessing vast reserves, the uranium production of the company and plants of the Rio Tinto Group are today one of the world's great assets in an age of nuclear power and promise.

**Table of Uranium Mines Highlight**

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity</th>
<th>Location</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solaris Uranium</td>
<td>1,000 tons</td>
<td>Ontario</td>
<td>Recently acquired from Harris</td>
</tr>
<tr>
<td>American Uranium</td>
<td>1,500 tons</td>
<td>Saskatchewan</td>
<td>Recently acquired from Harris</td>
</tr>
<tr>
<td>Canadian Uranium</td>
<td>2,000 tons</td>
<td>Alberta</td>
<td>Recently acquired from Harris</td>
</tr>
<tr>
<td>Northern Uranium</td>
<td>2,500 tons</td>
<td>British Columbia</td>
<td>Recently acquired from Harris</td>
</tr>
<tr>
<td>Southern Uranium</td>
<td>3,000 tons</td>
<td>Manitoba</td>
<td>Recently acquired from Harris</td>
</tr>
</tbody>
</table>

**RIO TINTO MINING COMPANY OF CANADA LIMITED**

335 Bay Street, Toronto, Canada

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**Image:** A page from a newspaper article discussing public utility securities, specifically the Carolina Power & Light Company. The article covers the company's financial performance, including revenue, earnings, and stock performance. It also mentions a rights offering for convertible debentures. There is a table listing the details of the debentures, including year, earnings, and price range. The article concludes with a mention of the Rio Tinto Uranium Mines, highlighting their combined capacity as the largest in the world.
Continued from page 22

secondary manufacturing plants are provided under pri-

vate enterprise system, has been successfully intro-

duced into British Columbia in the last few years. The

important incentive for new plants for such local manu-

facture of copper and aluminum products.

The past year has been a year of con-

solidation for the Province's economy. The North Ameri-

can recession was reflected in British Columbia through a

drop in the volume of new private capital investment. In

the absence of other large-scale investment, it may be con-

tended that the provincial economy was doing relatively

far worse since 1959 when 90% of British Columbia's

business was classified as manufacturing and 30% of its

output was itself a manufactured product.

It is argued that a manufacturing sector is a necessary

component of a productive economy. In the main, al-

though somewhat laborer and material costs, and com-

petition may affect some industries. The forecasts for

the past year had to be revised in the light of the one-

year recession. On the other hand, the long-term trend, depend-

ing on expanding businesses of the business, and the

government and the environment for the growth and pro-

sperity of private enterprise, be it large or small.

J. D. BATEMAN

President, British Columbia Industrial Limited

The past year was highlighted by frustration, declin-

ing markets, and uncertainties for the independent

Canadian petroleum industry. A result of this is that

we can look forward to improved sales of both crude

and natural gas with much more confidence than we were

to generate during the past 12 months. We are finding

that the British Columbia independent operators were

able to move crude to offshore competition. However,

who find it difficult to spend a profit in the current

Oil-the time has always been to maximize the incentive

and the market revenues were, in their opinion, to the

proposed pipeline from Alberta to

Montreal.

Despite the discouraging events of the Canadian econ-

omy, the prospects for 1959 are not altogether bleak.

To give Western Canadian crude a competitive advantage

of current government policies, there is a need to

grow that they are a major revenue source, and, as far

as the industry's earnings are concerned, they were adversely affected in 1958 by the world-wide recession.

The economic pressure that the United States continues to have a regional import of crude oil from

Canada.

The Canadian petroleum industry has come through the recession in an enviable condition although the short-term outlook for finding new markets for crude oil is still hazy and product prices may not recovery to normal levels.

This year, however, the increase of 5% is forecast

for production. We can forecast production of crude oil to reach about 175 million barrels in 1959, regaining at least half of the volume last

35,000,000 barrels during 1959, regaining at least half of the volume last

1957.

Throughout 1957 and 1958, we have been able to keep

the Canadian industry at a low level. The oil and natural gas

market is in a state of stagnation. During the past 12 months, we have had to consider the possibilities of expanding crude oil production. It appears that for 1959, total demand will be slightly lower than 2,400,000,000, for a reduc-

tion in production of about 3%.

An increase in demand in 1959 will be dependent on the trend of crude oil and other action taken in relation to the import of natural gas, the only phase in which we have been able to achieve

physical recovery

Footnote drilled this year should stay above 12,000,000,000.

The scarcity of major oil pipe line expansion in 1958

was made up for by the construction of many small

pipeline expansions in the United States and, as well as the increased production of oil and gas in the Western Canadian provinces mentioned

in the past year. The major expansion still on tap for the year is the Trans-Canada.

A. F. CAMPO

President, Canadian Petrofina Limited

Nineteen-fifty-eight witnessed the end of the worst postwar recession and the beginning of a new and somewhat hesitant recovery. Prospects are that our economy, including the Canadian petroleum industry on a broader front, though not at a spectacular rate, will continue to move ahead. The growth of G.D.P. is expected to rise by about $12 billion to $33 billion. The major portion of the increased growth is expected to be derived from

The Canadian petroleum industry was fortunate to escape the recession. Domestic demand for petroleum products followed the development of the market for synthetic rubber, the first half of 1959 and the second half when economic conditions began to improve. For the year as a whole, the consumption of crude oil sank 175,000,000 bbl, a gain of 2% over

Crude oil production dropped by 18% from 405,000,000 bbl as a result of lower export demand caused by U.S. import restrictions and world oil market conditions. Producers in the Province of Alberta are forecast to meet the anticipated demand for

The temporary suspension of crude oil production in the United States continues to disprove and defense factors which suggest a different type of treatment for Canadian crude. It is likely that there will be a net export of crude oil in 1959.

New capital investment in the petroleum industry fell below the 1957 level as exploration and development activities slackened due to the continued expansion in the petroleum industry. The Canadian Government will soon clear the air with respect to natural gas and petroleum and the proposed National Energy Authority will make a substantial contribution to the development of the petroleum industry in Canada.

The Canadian industry's earnings position should improve consider-

ably. Producers can also look forward to an increase in crude oil prices which, in turn, will result in increased earnings for crude oil producers.

N. R. CRUMP

President, Canadian Pacific Railway Company

During 1958 the volume of railway traffic in Canada was adversely affected by the recession. Liquidation of inventories, substantial declines in investment in new machinery and equipment, and the drop in non-real-

The volume of railway traffic in Canada was adversely affected by the recession. Liquidation of inventories, substantial declines in investment in new machinery and equipment, and the drop in non-real-

dustrial construction were all factors that contributed to a decline in railway traffic. The Canadian economy is expected to improve during 1959, as the country emerges from the recession. Further declines in the overall capital expenditure program may occur in 1959.

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ably. Producers can also look forward to an increase in crude oil prices which, in turn, will result in increased earnings for crude oil producers.

Continued on page 25
United States Indifference to Canada's National Aspirations

By IAN F. MCREA
Chairman of the Board, Canadian General Electric Co., Ltd., President, Canadian Manufacturers Association

In blunt terms, but without blunting a strong desire for still better friendship with us, Canadian manufacturer's spokesman declares what he terms as our "contemplous disregard" for his country's sovereignty in placing you in a discriminatory trade that favors economic partnership between the two countries. Mr. McRea points out that Canadian raw materials and manufactured goods are virtually excluded by our high tariffs and quotas, yet Canadians account for considerable share of our output.

My term of reference in my comments is wrapped up in the words: "America looks at the United States." Implicit in this recognition is that Canada, like Mexico, is a full-fledged and important partner in the defense not only of the hemisphere and the rest of the free world, but in protection of an ideology embracing true freedom and that this freedom stands for.

My country's government is in close collaboration with yours on matters that affect our future as a free world. We think you can best serve this discussion by taking a constructive and sober look at our mutual economic interests. In the last analysis, satisfactory trading agreements between two countries are the finest test of friendship and, as the world knows, the friendship between Canada and the United States had its beginning very shortly after the unpleasantness of 1914. There is no need to dwell on the later period. In the last few years, there has been a flow of criticism, much of it one way.

Practice What We Preach

Briefly, our Canadian feeling can be summed up in the change that the United States talks but does not always think or act in hemispheric terms. I would like to see this expand on this theme and be a little more critical.

One distinguished Canadian has suggested that the time has come for Washington to decide whether the added importance of Canadian Iron Ore to U.S. and Canadian industry has never been as important. Through the years, the production of this half-century, experts estimate, the annual value of this production can be in the range of one-half billion dollars. Most of this will be for export and chief to the United States.

Long before that date, iron will be in first place among Canadian minerals. This is the most significant single source of new funds to reduce Canada's trading deficit and finance continuing purchases in the United States.

The position of Steep Rock in the industry can be judged by "Connolly's" yearly production of 8.5 million tons from mines directly operated and under lease to others, sustainable for several generations.

STEEP ROCK IRON MINES LIMITED

Producers of High-Quality Iron Ores to Meet Exacting Requirements.

Steep Rock, Ontario—in the Lake Superior Region.
Continued from page 24

signed to improve its efficiency as an integrated land, sea and air transportation enterprise.

The Pilgrim, a new program of replacement of steam with diesel motive power and using some 930 diesel units by the year's end was a logical step in the development of this type of locomotive.

Further improvements were made to switching yards, signaling, maintenance, and engine efficiency of the railway. Centralized traffic control was completed on a section of the Canadian national system in Ontario, to speed handling of traffic with electrically-operated switches. A new signal and voice patcher in front of a control board in Toronto directs trains into sidings over the main track without the need of a conductor to extend to link Tren- ton with Toronto.

During the year, the Company added to its extensive highway system by acquiring control of Smithsons Holdings, Ltd., which company wholly owns Smith's Trans-Canada Motor Freight Co., Ltd., and a number of related companies in the highway transport business. The Company is also operating or has plans to operate over almost 10,000 miles extending from coast to coast.

Piggyback service, the haulage of truck-trailers on flatcars, was introduced for licensed "for hire" trucking firms between Montreal and New York City. Experience showed that the earnings per ton mile ran close to that in the railway service and, if anything, were better. The tonnage generated in the flatcar service provides a large volume of traffic for the terminal yards and does not detract from the ability of the yards to handle freight trains.

Top planning priority was given to co-ordination of rail and highway services to give the maximum view to customer service on an integrated basis, subject to the most efficient and economic loading and unloading at the terminals.

In order to develop and further extend its network throughout the country, the Company continued to operate in the public interest, providing passenger and freight services, all of which were then on a continual basis.

At the same time, Canadian Pacific continued to ex-

ploitation. Most of the traffic continued on the bones and the volume of freight moved on the main line, and new traffic was developed by the Company's sales and public relations organization. The Company's new slogan, "Canadian Pacific-Ready to Serve the Public," was introduced to the public. The slogan was designed to emphasize the Company's commitment to providing quality service to its customers, and to differentiate it from its competitors.

A year later, in 1959, the Company continued to operate on an all-freight basis, and the slogan was changed to "Canadian Pacific-Ready to Serve the Public, Wherever You Go." This change was made to reflect the Company's commitment to providing service to customers who were not only in the cities, but also in the remote and rural areas of Canada.

The Company continued to invest in new technology and facilities to improve service and efficiency. In 1959, the Company introduced new baggage handling equipment, which significantly reduced the time required to handle baggage.

The Company also continued to expand its network, with the opening of new lines and the extension of existing lines. The Company's investment in infrastructure and technology helped to improve service and efficiency, and contributed to the Company's success in the years that followed.

In conclusion, Canadian Pacific was a leader in the transportation industry, providing service to customers across Canada and beyond. Its investment in technology and facilities, combined with its commitment to providing quality service, helped to position the Company for success in the years that followed.
British Securities Market
And the Latest Clouds

By PAUL EINZIG

The recent public opinion-survey findings revealing how even the vote may be in the coming British election and the deadlock over Germany are blanketing London's securities market. Dr. Einzig also points out that this, and not actual economic conditions, may cause a vicious circle and retard economic recovery. He hopes that the increased U.S. investments in British equities by commercial banks, the information that the Labour Party will win the election, and the mixed feelings of British shareholders about this U.S. investment invasion.

LONDON, Eng.—The recent poll findings by the British government have provided an explanation of the sudden setback on the London Stock Exchange after the general election of last year. They indicated an unfavorable change in the Government's prospects at the coming General Election. While until recently the advantage was distinctly on the government side, the most important indicators are now more or less even. As a result of this change, speculation that was largely responsible for the rising trend on the London Stock Exchange in December is likely to be continued only to a certain amount of pessimism.

Following on the publication of the unexpected results, there was a great deal of selling by investors and speculators alike, and the turnover on the Stock Exchange has now reached record figures. The actual decline of prices was not excessive, but it was sufficient to give rise to a widespread feeling that it is now safer to liquidate these positions pending the outcome of the General Election. For the investor, the indications point quite distinctly towards a Conservative victory, a large number of people are bound to prefer to be on the safe side now and the General Election.

It is difficult to explain the sudden change in London's attitude towards election prospects. Admittedly, unemployment figures are relatively unfavorable but not more so than was widely anticipated. As for the cost of living index, this increase during December was moderate. There were no major wage increases in recent weeks that would account for an adverse change in the attitude of the middle-class voters.

The reactions of the public to the return to convertibility may have had a favorable influence on the trade. The Labour Party is making a further point against the position that as a result of this move sterling has become more volatile and British domestic economy has been placed "at the mercy of New York bankers and Zurich speculators." In view of the disastrous consequences of the return to the gold standard in 1925, and of the failure of the convertibility attempt in 1947, the Socialist arguments sound fairly plausible to the public which is already worried about the persistence of the business recession.

May Retard Recovery
The anticipation of a Labour victory is bound to be detrimental from the point of view of the industrialists. Industrial firms are liable to be influenced by the new element of uncertainty in the outlook, which will tend to discourage them from making full use of their existing investment facilities. The indications are that there is a change in sentiment in the near future in favor of the likelihood of a Labour victory, and a violation of the industrialists' prospectus to attempt to keep the price of their shares from rising. The growth of industrial firms' conversion into the gold standard, and from the iron and steel nationalization, and from the German government policy, it was left severely alone. It is assumed, therefore, that history may repeat itself in the same policies in the same situation. The acquisition of American participation in the American stock market purchases, such operations would entail a risk to owners who refuse to sell out, because a Socialist Government in possession might be disposed to stem the tide of foreign investors' funds into the country. The bulk of London's shares have been purchased by American investors on the London Stock Exchange, and some of these investors have already expressed a desire to sell ready loans in Germany. Even so, the growing fears of a Conservative defeat are liable to discourage also American buying. For high taxation and other anti-capitalist measures would affect all firms regardless of the nationality of their stockholders.

May Thwart Nationalization

Einzig attributes the industrial firms' conversion into the gold standard to the fact that they might wake up one day and find themselves under American control. It is also probable that they may be encouraged to return to convertibility in order to protect their own businesses. The acquisition of American participation in the American stock market purchases, such operations would entail a risk to owners who refuse to sell out, because a Socialist Government in possession might be disposed to stem the tide of foreign investors' funds into the country. The bulk of London's shares have been purchased by American investors on the London Stock Exchange, and some of these investors have already expressed a desire to sell ready loans in Germany. Even so, the growing fears of a Conservative defeat are liable to discourage also American buying. For high taxation and other anti-capitalist measures would affect all firms regardless of the nationality of their stockholders.

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Merrill, Turben Co.

Cleveland, Ohio—Charles B. Merrill has been made Chairman of M. F. Miller & Turben Co., Inc., Cleveland, and Claude F. Turben, as President of the 53-year-old investment banking house, it has been announced. He will be Assisted by Executive commit tee of the board of directors, including Mr. Merrill, who will be Chairman, Mr. Turben and Lewis C. Wil liams.

Mr. Turben joined Burke, Ford & Curtis in 1903. Later he was associated with Guaranty Trust Co. of New York. In 1924 he formed Merrill & Co., which became, Merrill, Turben & Co., Inc., in 1928.

Mr. Turben, who has been Executive Vice-President, became a partner in the firm in 1923, and Executive Vice-President in 19502.

Mr. Williams joined Merrill, Turben as Vice-President in 1932.

Merrill, Turben is one of Cleveland's largest investment banking companies, and holds seats on The New York Stock Exchange and the National Stock Exchange. It was one of the first corporate members of the New York Stock Exchange. The company's offices are in the Union Commerce Building, and it has offices in Canton, Columbus, Dayton and York. Other corporate members of the company are John W. Talbot, Jr., general partner of The New York Stock Exchange, and London, New York, Toronto, and New York.

Other voting stockholders of the company are Mr. W. A. Ford, Jr., general partner of The New York Stock Exchange, and London, New York, Toronto, and New York.

Kurt Grunebaum Director

Kurt H. Grunebaum has been elected a director of Adam Consolidated Industries, Inc., Harold A. Brickman, President, has announced.

Mr. Grunebaum is executive Vice-President and a director of the New York Hanseatic Corporation, a well-known German securities firm and government bond dealer.

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Private Wire System

(599) 27
While there is an abundance of feed grains on the farms and farm estates of the province, this is an opportunity to use them in specific beats of livestock, advantage, livestock feeding has become a complex, scientific business. In this context, the establishment of a fully mechanized livestock farm, now producing meat, dairy products, and eggs, opens up the possibility for the industry to benefit and achieve growth towards marketability.

The industry is well equipped to handle increased demands.

**All in all, therefore, flour milling and its ancillary departments should come through satisfactorily.**

---

**HON. T. C. DOUGLAS**

**Premier of Saskatchewan**

Developments that had their beginning in 1958 promised to make Saskatchewan an eventual one for the province’s growing economy.

Steel was planned to make its contribution and emphasize the tempo of Saskatchewan’s industrial activity in 1958. Interprovincial Steel Corporation Ltd. is establishing a plant at Prince Albert, Saskatchewan, another steel fabricating plant in Regina.

Mineral developments are expected to be quite significant in the province within the next few years. The potash industry is a major steel for Saskatchewan industries. The production of potash in the province is expected to increase in the volume of long distance calling.

They understand that the 1958-1959 period will see an increase in the number of telephone lines in the province and the capacity of our new system. They should further increase our ability to attract the capital needed for financing the necessary expansion of our telephone system.

In order to meet the ever-increasing demand for economic development of the province, we have planned to provide new and improved public facilities and further developed the scope of our services. Our company has played a major role in the engineering of projects and the furnishing of necessary telecommunication equipment. This is the strength of its kind in the world, extending from those already made in the United Kingdom, British Columbia. It is capable of handling both teleprinting and hundreds of telephone conversations simultaneously in any one area, under normal network conditions.

Citizens of the province are encouraged to use the facilities of the telephone company to the best advantage. The growth of Saint John has province-wide implications and points to an increased diversification of the province’s economy. The direct displacement of the telephone company on the 27 telephone stations under the ownership of a variety of telephone companies in the province has been estimated at $5,000,000 to $10,000,000 per year.

The company’s capital expenditures for the year 1958 are expected to be $10,000,000 to $15,000,000, approximately half of these being in the construction of new exchanges and extensions.

In addition to the construction of new exchanges and extensions, there are planned for the year 1958 a number of important service developments which will increase the number of telephone lines in the province and the capacity of our new system.

By these measures, we hope to attract the capital needed for financing the necessary expansion of our telephone system.

In order to make the telephone system more efficient, we have planned to provide new and improved public facilities and further developed the scope of our services. Our company has contributed significantly to the economic development of the province. The direct displacement of the telephone company on the 27 telephone stations under the ownership of a variety of telephone companies in the province has been estimated at $5,000,000 to $10,000,000 per year.

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By these measures, we hope to attract the capital needed for financing the necessary expansion of our telephone system. Continued from page 26
Watch Out for Icebergs!

By WALTER SONNENBERG
Philadelphia, Pennsylvania

Philadelphian correspondent suspects that the many claims made for viewing our assets, particularly in terms like our icebergs that carry their damaging bulk below the water line. Mr. Sonnenberg deplores our resort to "artificial respiration" to get surplus goods off the market, and our failure of not differentiated by the artificially created and real purchasing power.

The cry "Icebergs!" recalls the Titanic. The sinking of the Tit-anic reminds us of the necessity of the utmost caution in the ship buyer's trade. We have, of course, proper precautionary measures, but we have not taken enough. And the crew sensed the limitations of the ship's protective devices there would probably have been a different story. Carrying eight times their displacement in material on the life line, these icebergs have protruding peaks that sometimes catch the ship's side, so that one may not look below the surface—there may be hidden contributions to the story.

Economically big national in-crease, large capital outflows, purchases of foreign securities, and social security conform to the iceberg pattern. In which the assets show bravely above the horizon and liabilities are pretty much, concealing all ordinary public savings. Not forgetting inflation that throws a monkey wrench into the calculations of unwary optimists.

Big national production, one of the widely advertised features of the big capital program, can only become fully and economically effective if operating conditions satisfy certain specifications.

Christian Science Monitor edi-tor E. H. M. Johnson, in a recent session of the Harvard Business School, registered his opinion regarding the pressing need for a better accounting with production. Big production, in his book, is, "Garbage.

It should be economically sanctioned production warranted the extended first post-prod.icf "There is a great deal wrong in thinking and acting as if mere production of goods is a justifiable goal."

Artificial Respiration

Policy has been shaped as though production were sufficient unto itself and we became frustrated by surpluses taxing the in-stantaneous demand to unemployment on unwanted customers. The fact that production does not finance its own operations but is supposed to act on its own with artificial respiration to get away in the direction of the right spot where we have gone astray in our calculations.

Charles Beard, historian, some years ago explained why "Masters of huge industries" increased production volume without laying the foundations for a sufficient area of demand, without mastering the principles upon which the area could be effectively cultivated.

As a result of flagrant disregard of the natural and accidental variety of inertia, bulk-balled remedial proposals, after having had their day, are found to be radically changing values, followed by more precise appreciation of investment. In fact, it is now revealed assets, with their liabilities, shrinking.

Therefore, we should not be surprised if it turns out that the standard of high living, popularly regarded as an asset, can become a costly item of overhead. The standard's prematurity is attested by the difficulty which many peoples are now meeting in adjusting their costly items including cars, TV's, air conditioners, road schools, hospitals and other modern requirements, without over-crediting their earning power.

The legitimacy of the standard far harder to check on two counts: One, Babbage's eyes of "underprivileged" na-tions, and two, the tendency of our own society, socially and economically unequipped, for adoption of the standard, it has caused much of the recent Boul-let East turmoil and unrest. Two: We have been exposed to a muddled situation that has second-guessing on many issues. Putting friends of free enterprise onto the toot, the dis-advantages of socialism precipitated by those who invite Uncle Sam to under-write fancy financial projects that bankers would not handle.

Artificial Purchasing Power

Have been derived from a mistaken concept of money's real role in finance. Adequate valuation of purchasing power's limitations means differentiating between purchasing power earned from production and purchasing power created artificially.

On honest financing Federal Reserve Chairman Martin testi-fied: "We have in a given period just so many house cars, appliances, schools and factories and myriad other things. Creating more money will not create more goods. It can only intensify demand for the current supply of labor and materials, that is open space inflation."

Credit created money has two aspects. The above surface ban-ner-ware aspect, excited by the cheering section loaded with determined optimists encourages people to buy more than they can afford; and below the surface where inflation, "The Crozet Tex," flourishes practically un-hampered. Which convinces thoughtful discovery that "America is living beyond its means."

Though there's much noisy footing around it and efforts to minimize its baleful influence, few are aware of its deep-seated influence, in overexposed credit, in over-expanded industries, in undeveloped plant expansions, in extravagant promotions due to production's finicky dependence to itself and in heavy borrowing from abroad.

A "Wall Street Journal" article set the pattern: "Only an eco-nomic innovation, denies that the combination of about $10 billion U. S. deficit and continuation of low interest rates and credit ex-ensions spelled inflation on a vast scale. Only the blindest could expect such inflation to last in any way but in one painful economic adjustments."

And how about social security? The record shows some 70 millions. Americans are compelled by law to extract part of their current earnings so that government to provide old-age security: Yet for years the government has pursued a policy that the people own part of the purchasing power it takes from them every payday.

A few years ago the Brookings Institution reported: "The American consumer thrills to a thoroughly unseasoned and financially reckless purchase." A magazine cited the "surprising" fact that the social security sys-tem is short of $125 million. Yet the boys who never look under the hood, hurrah over a recent ex- tension of social security benefits.

Getting Away From Principles

It is no secret that we have lost sight of the principles upon which our great nation was built, "It is painfully obvious that people allowed themselves to be led, bribed, confused and frightened away from a system of individual initiative and free enterprise through the world disease of the welfare state." There followed a muddled situation, characterized by Chair-man Martin as one of "waste and extravagance, and incompetence and inefficiency," and drawing from Henry Hazlitt the remark under a fact which yields to the illusion that we will be led by comedians.

As one farmer aptly and wisely said of the farm-subsidy flan-co, "It can't cause what it is caused by eating green apples by the spoonful."

Mr. Palty, noted economist, ad-vises against planning to prolong "Farm Hardship" and said we are living by restoring the unprofitability that brought us to the present impasse, where the government, not industry, is called upon for rescue in every emerg-ency.

The program set up by the Canadians, burdened by big bor-rowing from the future, charac-terized by deficit financing, and sustained by artificial respiration by the government's financial takeover, scarcely justifies the pattern planned by the founding fathers. But if that is the kind of world you want you are wel-come to it."

Senator Douglas remarked: "The watchman who gives a warning to the people in due time so that they can protect their interests is serving the public more faithfully than he who administrates sleeping tablets to get people to believe that all is well and noth-ing need be done until we find that later dangers burst upon an unprepared public."

Pace College's New Courses Include Use Of Latest Computers

College located in New York City's financial district. Expanded program into taxation of exempt organizations and electronic digital computer programming.

Undergraduate and graduate classes for the spring semester at Pace College will open Saturday, Jan 31. Several new courses will be offered for the first time. In the Graduate Division Mr. Samuel Alexander, Chief of the Pensions and Exempt Organizations Group of the Internal Revenue Service (Downtown Manhattan District) will teach the course, Tax Problems of Exempt Organizations. This will be of special interest to labor unions, health and welfare funds, and brokerage and banking businesses, and to such organizations. Dr. John Walsh of the Social Science Depart-ment, Fordham University, Patterns of Human Organization, a course re-lating management and the humanities.

In the Graduate Division Undergraduate Division juniors and seniors may enroll in the course, Psychology of Learning, determined for the student preparing for teaching at the secondary level. An advanced course in Electronic Digital Computer Programming has been added in order to meet the need for instruction on the IBM 650 and 709 computers.

As in former spring semesters students entering the day school curriculum are required to take program of 13 weeks in summer school in order to be eligible for the sophomore class in the fall.

Orientation for Day Division students entering the day school program are required to take program of 13 weeks in summer school in order to graduate in the sophomore class in the fall.

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C. M. HARDING  
President, Harding Carpets Limited

In 1958 the Canadian economy demonstrated its capacity to meet the pressure of a recession and in the latter part of the year and beginning of 1959, there was a marked improvement in the trade figures. It should be remembered, however, that the depth of the recession was by no means as severe as that in the United States.

I think we can look forward in 1959 to a continuation of this recovery trend, but it will be on a modest basis. Inventory levels in Canada are still high and are not expected to reach a normal level for some time. The shift from a reduction of inventories to an expansion on the manufacturing level should provide some stimulus, particularly in the long range. However, the economy will not have reached a peak level before 1959.

It would appear that most businessmen are forecasting a good year for the Canadian economy. There is no doubt that the restrictions on imports and prices will be lifted, and that the business climate will improve. However, the economic situation in the United States is not expected to improve in 1959.
Are Stocks Too High?

By ROGER W. BABSON

Mr. Babson explains why he is not equivocating in answering the question "Are stocks too high." After emphasizing the extent of "chance" in the law of chance, the writer believes the "chances 60-40 that stocks will go down considerably in 1959." Advises patience before buying stocks for profit.

The readers of this column really want to know whether stocks will go up further and, if so, how much further. The fact is that nobody knows and any answer is merely a guess. I, however, am absolutely unbiased in my answer. I have never accepted a commission for the sale of a share of stock or a bond, nor have I ever borrowed a penny! My personal holdings are now about one-third in cash, one-third in short-term bonds, and one-third in a well-diversified list of stocks. Therefore, whatever the market does is okay with me. Forgive the above personal reference; but I want to guarantee readers that this article is absolutely unbiased.

Moreover, I am not blaming brokers for usually being bullish. They have wages, rents, and private wire costs to pay; and they find that 20 broker-customer orders will tradethe market just as well as 200. They get their materials accepted must readily by the market. Surely the bureaucrats in Washington know they can keep their jobs only by holding their tongues or by being optimists. I do not blame any of these; they must earn it! I merely want my readers to take "with several grains of salt" what they hear and read today about the stock market outlook.

The Law of Chance

Now, what do I know? Many years ago I took a course at the Massachusetts Institute of Technology which discussed "chance." This was later followed by studies of "Relativistic Physics" by Dr. Einstein. Briefly, this law of chance means: (1) that nothing is fixed, or sure, or certain, and that the market is only a matter of chance; (2) anything may happen and be based upon guesses. The secret of health, happiness, and prosperity is to make the right guesses and then have the self-control and patience to follow through on these guesses.

Now let us apply this law of chance to the stock market. There is no basis for any banker, broker, or financial writer to tell you that the stock market is definitely going up or going down. Honest, intelligent, and experienced investment advisors will tell you that the chances are 60-40, or 50-50, or 40-60, or 30-70. This means that the market will not hedge or flounder; it can honestly be bullish or bearish. But they will talk in terms of chance and not be imperial.

What About Special Stocks?

I recently asked the President of one of America's largest companies why it is so difficult to get him to give an opinion on his own stock. He replied: "Because I know that for every buyer of my stock, there must be a seller. These buyers and sellers—knowing that we are dealing about the company, they determine the price of its stock. The more they are interested, the more the price goes up when the buyers are more anxious to buy than the sellers are to sell, as we see very much." The above means that the price of an individual stock depends upon the impatience of the public to buy or to sell. Impatience of the public means that there is a change of mind in the direction of this stock. The average of this impatience determines the Dow-Jones Averages and all the stock indexes. That is why no IBM or other machine can make a true forecast. Even accountants and statisticians are only morticians. They can only guesst as to the moods of the people, which determine whether stocks are going up or down.

In order that readers may not think I am dodging or evading the main question, I will say that the chances are 60-40 that stocks will go down considerably in 1959. Hence, the chances are in favor of those with the patience to wait longer before buying stocks for profit.

Milwaukee Co. Names

Six Reg. Representatives

Milwaukee, Wis.—Six new registered securities representatives, one of them a woman, have been named by The Milwaukee Company, members of the Midwest Stock Exchange, it has been announced by Joseph T. Johnson, President.

They include Mrs. Donald C. Mitchell, S. U. Jacob, Franklin E. Parks, C. W. Thompson, and Cornelius T. Young, Jr. Mrs. Booth and Ms. Jacobs, Thompson and Young are at present in the firm's office, 207 East Michigan Street, Milwaukee office. Mr. Parks is located in Waukesha, where the Investment firm opened a branch office early this month, at 444 Grand Avenue. Mr. Gooch is in the St. Paul, Minn. Office.

Before joining The Milwaukee Company, Mr. Parks served nine years in the brokerage business of New York. Mr. Jacobs formerly was associated with the attorney general's office in Madison, Wis., as a legal assistant. Mr. Thompson is a equity analyst for The Milwaukee Company. Mr. Thompson has been a security analyst with The Milwaukee Company since 1957. Prior to that he was with Price, Webber, Jackson & Curtis.

P. D. Greenwood Opens

FRANKLIN PARK, N. J.

Philip D. Greenwood is conducting business from offices at 11 Springfield Road.

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shaping for a general increase in prosperity, this factor may well mean relatively more for Canada than for most other countries.

Continuing this short review to the general situation rather than to the specific factors which may have their phases and minuses, let us look at the construction industry. The boom in the United States is strongest, but not as yet firmly established. In Canada, the boom has spread, fast-growing, high standards of living population. We cannot count on generating a self-contained boom prosperity which will be a treasure house of natural resources, the more finished the form, the better. A relation of this has been worked out with that of the United States militates against this, but efficiency, abundance of raw materials and large-scale operation make Canada a possible beneficiary. Experts during 1958 have equaled or exceeded those of 1957, and our imports of coal and oil, if the people we add to our population lessen our geographical handicap and increase our prospects.

To an economist, a marginal supplier of many of the world's commodities-importing countries tend to rely on the terms of economic recession—and thus Canada stands to gain greatly from a rising world environment. The rate of convertibility of currencies and the common market in Europe may bring about higher operating ratios which will spool boom prosperity in Canada is a good place for the investment of at least a part of one's funds.

EDWARD H. LABORDE
President, Canadian Homestead Oils Limited

For 1959 the oil and gas industry of Western Canada can be expected to maintain its position as one of the politically and economically safe areas of study.

The year has witnessed a continuation of adverse political and economic trends in a number of countries, especially those operating in the Middle East or in Venezuela, an area which is a "nation" sources other than the United States and Canada. Iraq, the key factor in this event, has been reported to be showing signs of increasing oil production. If it continues to heighten the possibility of an eventual disruption in the flow of oil from the Mideast, it is clear that Canada is in a strong position to benefit from the less-stable conditions in the region. This has been more than offset by the political interference and the competitive pressures on oil prices in Venezuela, which has already caused Canadian oil companies to reduce or halt production.

The value of the Canadian dollar has been maintained and unemployment is at a historical low. This has provided a market for Canadian oil.

The advancements in the Middle East and Venezuela are tending to reduce the attractiveness of the oil industry as an area of investment by the oil industry. This trend is expected to continue as the attractiveness of Canada for a further expansion of its development, as an export rather than an import, which is essential for the recovery in the light of the ever-increasing world demand for oil.

Development in the oil industry in Canada is moving rapidly, with many plans under consideration for export of oil or gas. Even if all of these plans were approved as of today, the lag in construction of pipe lines would delay immediate improvement in production and market development. However, the oil industry of western Canada is being built on a firm and lasting foundation, for major economic growth.

C. S. LEE
President Western Decalco Petroleum Limited

Nineteen fifty-eight was a year of great concern for the oil industry in Canada; 1958 was one of recession and difficult trading conditions. The Borden Commission hearings held partly here in Canada gathered world-wide attention. The self-appraisal of the economy of the industry, and the rejuvenation of the industry through new and other channels, can be expected to result in increased growth. It could be a vitally significant year if we either acquire or obtain the fluctuating sales rate of the oil markets. Already the past four months have shown a definite upturn in activity in Alberta production from 200,000 barrels per day to 400,000 barrels per day.

Spokesmen for major oil companies are dependent on oil companies view that it is not surprising that Canadian crude production under a North American system of production and at the North American level, costs to compete in its logical markets in the United States. It seems to us that the only possible ex-

L. F. LONG
President, Building Products Limited

The rate of industrial activity in Canada seems to be following a pattern consistent with the area's recovery. There is every reason to expect that this will continue and that industrial prosperity in turn will tend to revive immediate interest in expansion plans involving additions to existing facilities or construction of new plants and of new plants. It therefore seems logical that the construction industry be in trend in industrial construction, according towards the latter part of the year.

Institutional and commercial building is likely to be a major beneficiary of the trend. Hospitals in particular will benefit from the general increase in prosperity and from the increase in the area's housing needs. Private construction is expected to show a considerable increase in activity, especially in the area's residential market. The demand for hospital facilities which is being increased by the aging population, the availability of health insurance, the government hospital plans; and (3) by government interest in this type of construction as a means of unemployment relief. Strictly commercial construction should maintain its pace by reason of continued demand for new suburban shopping centers, expanded office space, etc.

Residential construction has been the brightest spot in the construction field in Canada over the last year, and the record rate of housing starts continued up to the third quarter of 1958. The index of housing starts in 1958 rate of housing starts is to continue there will have to be substantial additional government support. Interest rates are still relatively high, but are likely to be reduced, perhaps by the same token, NHCA insured mortgages will be less attractive, and the banks are likely to extend to refinancing institutions. Lack of financing is therefore likely to be a curb on residential construction, unless the Government is willing to support the cost of mortgage insurance. As the weather is the main factor in determining what will be as fast as they are completed, it is predicted that housing starts will be lower in 1959 than in 1958, but will still be high enough to support the necessary mortgage funds. However, it is unlikely that the rate of housing starts in 1959 were to rise above the 1958 level.

There do not appear to be any serious shortages of building materials, although there is a high rate of construction activity in 1959. Prices of some building materials will advance due to increasing cost factors, and the cost of building materials will be slightly higher than in 1958. With the unit costs of both building materials and labor, there will be a continued effort to hold down the cost of completed buildings by more efficient methods of fabrication. The expected activity in the construction industry will result in more often satisfactory products which are coming out as the result of research.

HON. E. C. MANNING
Premier of Alberta

The Province of Alberta, Canada's fastest-rising industrial power, continued her industrial, agricultural, and population expansion during 1958 as some new indices indicate that her industrial activity has continued to increase. A particularly noticeable upward surge in industrial activity is estimated as being about 10% above that of 1957, and indicates that 1959 will be another "banner year" in the history of the province.

Alberta, with a population of 1,271,406, a land area of 465,000 square miles, a center of development in the province, is expected to attract private investment in Alberta during the past year exceeded $1,190 million, an increase of $100 million over 1957, and $30 million over the previous peak set in 1955.

During the past five years more than $3,000 million has been invested in the province by industry—on new plant construction and expansion. In 1958 nearly $65 million was invested in manufacturing facilities and $23 million in agricultural activities, for a total of $88 million. In 1958, 1959, and 1960, the construction was $162.4 million.

Decline in the rate of industry is one of the most significant factors in Alberta's economic transition. An increasing number of plants are being constructed in smaller cities and towns, to the greater advantage of the province's primary and secondary raw materials. For example in petrochemicals, Leduc, Calgary, Edmont on, Lethbridge, Medicine Hat, Red Deer, Pembina, Wabasca, Pincher Creek, Whitemud, Taber, Nevis, Dunsford, Calgary, Stettler, Peace River, and many other such communities. The Government has been at the forefront of all these developments, and no longer dependent upon agriculture as their only industry.

The 1958 value of manufacturing in Alberta is expected to exceed that of 1957 of $85 million, an increase of $7 million, or 8.5%.

Alberta's 2,259 manufacturing plants have expanded to include almost every field. Textiles, clothing, cement, and clay products, glass, ore refineries, steel mills, sports Continued on page 34
promising bright opportunities for energetic Canadian exporters and should go far to fulfill this promise at the Montreal Conference, "an expanding Commonwealth in an expanding world." To obtain a perspective on developments during the year, it is necessary to refer very briefly to the over-all economic trends during recent years. The record-breaking expansion in Canada in 1953 and 1954 led to an enormous business capital investment which was followed by a rapid rising world demand for industrial materials. In early 1957 it began to be evident that many commodity markets were repositioning into a state of over-supply. This had the effect of dampening plans for further expansion in the resource industries and as the mood of caution developed, it spread to other industries. By the end of 1957 inventories had built up, and the year of 1958 opened with paints at a normal level. After a short period of hesitation, output began to show some response to new orders, while inventories were reduced in the third quarter of 1958 industry has remained at about 25% below the previous low point. Industrial employment, at 7% below levels was characterized by a decline, between August, 1957, and August, 1958, of 465,000 men during the succeeding six months.

The Inventory Liquidation which followed in 1957 gave way in recent months to inventory accumulation.

External Economic Conditions
Canada's position in the world economy is to a marked extent, influenced by economic conditions abroad. The industrialized countries can no longer be regarded as a single economic entity. The industrial countries of Europe underwent a period of slackening growth in 1957 and 1958, and there was a short but relatively sharp economic recession in the United States. These factors were reflected in a reduction of the demand for our exports by the third countries, and the consequent demand for goods of high standard, particularly for countries dependent on primary production, had an adverse effect on our traditional trade in goods.

Events in the United States have, of course, an important bearing on world economic conditions and in particular on our economic developments because of the close economic ties between the United States and the United States. These factors were reflected in a reduction of the demand for our exports by the third countries, and the consequent demand for goods of high standard, particularly for countries dependent on primary production, had an adverse effect on our traditional trade in goods.

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HON. A. W. MATHESON
Premier of Prince Edward Island

There is continuing interest throughout the province about the immediate prospects for the advancement of the economy in Prince Edward Island, as the result of advances on the part of the land and sea. An expanding Canadian population and a new determination on the part of the neighbouring United States mean that the Island is economically self-sufficient. There is a lot of money to be made here, and the tourism is going to be a major asset. A large number of Canadian tourists are taking up the offer to visit the Island. The petrochemical field has been the leader in the strong upward swing of manufacturing in the Island. Today there are 25,000 tons of crude oil produced in the Island, using the by-products of oil and natural gas as their primary input.

Gross sales of refined petroleum goods maintained a steady rise in the first 17 months of 1958—$138 million as compared with $126 million in the same period of 1957. Some of the reasons for the increase in sales were that the Island has new refineries, that the quality of the crude oil has improved, and that the price of gasoline has increased. The net profit of the Island's refineries in the first three months of 1958 was $4 million, compared with $3 million in the same period of 1957. The gross sales of refined petroleum goods in the Island were $100 million in 1958, compared with $90 million in 1957.

While international conditions have resulted in increased oil prices, the demand for refined petroleum goods has held up. The Island's oil refining capacity is expanding, and the demand for gasoline has increased.

The Island's refining capacity is expanding, and the demand for gasoline has increased.

The Saskatchewan-based corporation, the new government-owned company, is planning to increase its refining capacity to 1,000,000 barrels per day. The company has already signed contracts with major oil companies to supply it with oil.

The new refinery is expected to come on stream in 1960, and the company is planning to expand its refining capacity to 1,500,000 barrels per day by 1965. The company is also planning to build a new pipeline to the American market, and to build a new refinery in the United States.

The company has already signed contracts with major oil companies to supply it with oil.

The new refinery is expected to come on stream in 1960, and the company is planning to expand its refining capacity to 1,500,000 barrels per day by 1965. The company is also planning to build a new pipeline to the American market, and to build a new refinery in the United States.

The government has been working closely with the company to ensure that the refinery is built on time, and that it meets the company's requirements. The government has provided the company with a loan to finance the construction of the refinery.

The refinery is expected to be completed by 1960, and to come on stream in 1961.

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the Canadian Government for several years ahead were also a major consideration. It was urgently important to improve the government debt structure in order to reduce the overhang of refinancing which would have to be done in addition to new money creation, and to put as much of the government's debt as possible on a long-term basis.

The terms of the Conversion Loan were developed on the best advice, having regard for the objective, the erosion which had occurred in the market and the measures necessary to attract public investment in the long-term sector. The Conversion Loan was an overwhelming success. A total of more than $8,803 million, or more than 80% of the outstanding victory bonds, was converted.

The interest rates set on the new Conversion Loan bonds reflected the market yields prevailing at the time while taking into account the size of the operation. Exaggerated and false statements have been made as to the burden which these higher Conversion Loan interest rates would impose. Such statements erroneous assumptions as to the nature of the conversion issue could have been refuted on maturity at a 3% interest rate. The evidence is all to the contrary, especially having regard to the fact that the overhang on the market would still have persisted. Rates at the time of such refundings would almost certainly have been higher than is now the case. The coupon rate on all of the victory loans was 3%. The average coupon rate on all of the bonds converted is now 3.83%.

Since 61% of these conversions went into the 14-year and 23-year maturities and, since, having regard to call dates all of the victory loans were of three years or less maturity, an interest on four issues is satisfactorily average coupon rate. The interest payable on the $8,846 million of bonds before conversion was $192,480,000. If now $247,035,000—an increase of $44,555,000, or about 35%.

Stabilizing Effect

The Conversion Loan was a constructive and stabilizing factor in the market, particularly in the long-term sector. In the face of this influence a large volume of money was saved.

In the long-term sector Canada's bond market has been weakened, the consequences of the refunding represented by the Conversion Loan and its overhang on the market would undoubtedly have displayed such much weakness than is today evident.

The fact clearly emerges that the overwhelming decline in the bond market was in no small attribution to the Conversion Loan, but has occurred in spite of it. With the exception of the period during the Conversion Loan campaign and immediately following it, the decline in government bond prices in Canada has paralleled, but has not been as extensive as the decline in the United States.

In the long-term category United States bonds declined 12% points from April to December while Canada's dropped 11% points. In the mid-term field the decline in the United States was distinctly less than in Canada. Thus, United States 6s declined 10½ points in this period while Canada 6s declined less than 7½ points.

The removal of the bulk of these old securities from the market as a result of the Conversion Loan is the chief reason for this relevant difference in mid-term in bond price changes.

In Canada the longest victory loan (3% 1960) was not completely converted and its market price declined over the period in question from 97.40 to 94.50 in early July and to 92.13 at the end of December, a decline of 12½ points. However, the typical holder of this victory bond declined from 19½ December 3½ to 4½ in 1983 which on Dec. 31 stood at 14½. His new bond is thus about 1 point higher than his old bond just before the conversion and is paying him 50% more interest.

The American holder of the last United States victory bond (3½% 1972) watched the market price of his bond decline from 97.38 in April to 85.31 at the year-end, a total decline of more than 11½ points over the period. At the end of that time he still possessed a bond paying 4½% interest. It remained to be added that in the 11-month period, January to November, the average yield on provincial government bonds in 1958 payable in Canadian dollars equaled 3.84 in comparison to 3.75 in 1957.

Continued on page 37
Why are Canadian business circles expecting a significant increase in farm income in 1958? There are, and will be, in 1958, expectations that interest in particular good years will be reflected in certain improved financial conditions. Canadian business circles are particularly to individual companies may call for the high rates of net income. These are, and will be, in 1958, expectations that interest in particular good years will be reflected in certain improved financial conditions.

A. H. MEADOWS
President, Fargo Oils Ltd.

When Canadian businesses and American brought in the "staggering 15 billion cubic feet daily open flow of natural gases in Southwestern Alberta, reported in the Sept. 15, 1958 issue of the Oil and Gas Journal, the industry was stunned. It was the other major American oil producer. Added to this surprise were the oil reserves, which have been estimated at 200.000,000,000 barrels of oil.

That this discovery will stimulate exploration for natural gases in the Canadian provinces of Western Canada is a foregone conclusion. The discovery was on a jointly-held, 400,000-acre block, 100 miles south of the Alberta-Saskatchewan border.

A. H. Meadows

THE IMPACT OF THIS discovery suggests two implications: first, the industry might increase production of large gas reserves, and second, producers—both in Canada and the U.S.—may feel that diminishing crude demand in parts of the country will not be reflected in the forecast of the oil industry as a whole. This is because the oil industry has an overcapacity.

Let us anticipate the possible outcome of this discovery: in 1959, the industry could increase production at a rate of about 10% or over 1.000.000,000 barrels of oil. The domestic oil market is therefore forecast by this trend, and the industry will be faced with the need to increase production.

CLIFFORD W. MICHEL
President, Dome Mines Limited

As the year 1958 began there were several indications that the economy of the United States might at last be heading into the kind of economic atmosphere it requires for a significant increase in production. Declining industrial activity in 1958, and the resulting decreased activity in the United States, caused a decrease in the demand for Dominion gold. The U.S. dollar, however, has strengthened, and it is expected that the demand for gold will increase in the future.

When Canadian mines began to sell gold to the United States at a price of about 3% less than the U.S. dollar, Canadian gold could sell at a price of approximately 3% more than the U.S. dollar. This has resulted in a decrease in the demand for gold in the United States, and an increase in the demand for gold in Canada. The resulting decrease in the demand for gold has caused a decrease in the price of gold in Canada, and an increase in the price of gold in the United States.

An interesting trend is the increased interest in gold as an investment in the United States. This is caused by the increased demand for gold in the United States, and the continued strong demand for gold in Canada. This has resulted in an increase in the price of gold in the United States, and a decrease in the price of gold in Canada.

WILLIAM G. MILLER
President, Montreal Locomotive Works, Limited

The substantial investments in capital equipment by industry during recent years have generally resulted in a more efficient and productive economy. These investments have been made in response to the increased demand for more efficient and productive equipment. The investments have been made in response to the increased demand for more efficient and productive equipment. The investments have been made in response to the increased demand for more efficient and productive equipment. The investments have been made in response to the increased demand for more efficient and productive equipment.

The livestock industry has been one of the bright spots in a year of mild recession. It continues to be an important industry in Canada and in the United States. The annual production of beef and pork in the United States is about 400.000,000 pounds, and the annual production of pork in the United States is about 400.000,000 pounds. The livestock industry is an important source of income for many farmers in the United States.

R. S. MUNN
President, Barns & Co., Limited

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Review and Prospects
For Canada's Economy

We are in danger of becoming a high-cost economy. Such a prospect is particularly perilous in the case of a country like Canada which must sell so much of its production in markets abroad. Moreover, Canadian producers are encountering increasing difficulty in retaining their domestic market in the face of keen competition from abroad. Many of them fall in these circumstances turn to the government for a solution of their cost problem.

"In a free society there is no simple formula by which the government can maintain stable prices and there is a limit to what government can do to assist producers to hold down their costs of production. A wise government can, of course, help to promote an environment which is conducive to price stability, but this government gives a high place to that duty; but to an important extent prices are the result of competition among the various economic groups which compose our nation, each striving for a greater share of the national product. I echo the warnings issued by the Prime Minister (Mr. Diefenbaker) to all sections of the Canadian people in appealing to all, whether employers, unions, or consumers, to have regard for the general interest and to seek for their services and products, in a free society there is no one that can escape the competitive forces. The full effects in prices and wages at stable levels, which must make possible the full realization of responsibility of free men and women not to demand more than their labor, goods, and services are worth."

Continued on page 39

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Money Supply Growth

Indeed, in the last four months of 1956 the total money supply in Canada increased by less than 1%. In this same period holdings of government securities, which are not subject to the restrictions of the Bank of Canada at its controlling or which is to an extent determined by the public holdings of Canadian Treasury Bills in the country in 1956, were increased by over $1 billion. The Canada Savings Bond campaign in this period was the most successful in all our history. There have been no restrictions in the public holdings of Canada Savings Bonds. The total amount purchased was $1.519 million. The public added $150 million to their holdings of government securities, and to their holdings of marketable deposits. In the other hand, holdings of government securities by the banking system declined. This was largely caused by the earlier liquidation of government securities by the general public in recent months been halved and indeed reversed. These facts show that the government was not completely subject upon those who have been concerned and the control of money supply during the last months of the year which were substantially reduced. However, the recent events of themselves to justify the anxiety over inflation. I am aware, however, of concern over the long-term trend. Since 1946 the Canadian dollar, as measured by the Consumer Price Index, has lost 49 cents of its pur-

OCTOBER 1957

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GLENN E. NIELSON
President, Canadian Husky Oil Ltd.

As the Canadian petroleum industry begins the first quarter of 1959, it can look with considerable satisfaction at the place it has earned for itself. The production of petroleum and of related products has risen to a truly prodigious level. The annual Canadian dollar was in short supply in foreign markets and we were compelled to compete vigorously for the existence of our markets. In 1958, these markets should have been sufficient to make the annual Gross National Product; savings are likely to reach a new high; total payroll, hence disposable income, and the result in marketing of packaging, and the result of increased spending is likely to be upward, and employment could approach new record levels in spite of the slackness being shown currently. All of these factors combined should develop a host of problems, as was the case last year. The current year is opening with the economy as a whole beginning to respond to that of a working economy—a relatively strong tone that was apparent at the close of the prior year prevails. Similar problems to those which faced us last year will recur in the coming year, and we may expect to do much farther in enabling prices levels to be held in the United States. The reason is that the prices to the public at the retail level for most goods in the United States have been rising, and we are rising at all three points above that of the same period last year. The unfortunate part of this spurt is that the amount of petroleum crude oil production is not likely to increase. Many have suggested that export of crude to the United States is the right solution to the problem of the foreseeable future. There are two basic fallacies to this contention. First, United States producers are facing a recession in the near term. If we were to export crude oil to the United States, we would do worse. Second, even if the United States were to import all of its petroleum requirements from Canada, the amount of crude oil we could not compete economically with other foreign crude except in a few of the border areas. A few years ago, we took a look at our own markets to sustain the growth of the economy of Canada. Canada could export its crude oil only to those countries that could afford Canadian crude production. It seems wrong that Canada, the world’s largest producer of petroleum production, should look beyond its own borders for a market for its crude oil production while at the same time allowing more exports of crude oil to be sold to our own foreign sources.

The reserves of natural gas for an even more serious threat to the future of the Canadian oil industry. This presents a paradox that I have been unable to understand. From the figures I have, it appears that the United States for not playing the big brother in purchasing Canadian products is the greatest non-purchaser of Canadian crude supplies, and with tremendous reserves of natural gas, but the federal and provincial governments are unable or unwilling to decide for the United States to purchase the Canadian crude supplies, whether the Canadian reserves are adjacent to our boundaries. If present conditions continue, the outlook for the Canadian oil industry in 1959 is rather bleak. Without positive action on both of these problems, the very existence of the industry would be threatened. All Canadian oil companies in 1959 will be forced to re-evaluate their long-term development plans and to make further reductions in their immediate expenditures and the products and services of many other Canadian industries, all of which are affected when the petroleum industry is curtailed. Any stimulation of the petroleum industry would have a beneficial effect on the economic well-being of the country.

In refining and marketing, prospects are somewhat more optimistic. The Canadian oil industry is tied pretty well to the general business outlook. An optimistic note is found in the promise of more all-weather highways. Plans are now being made for a new construction program including new developments in the Prairies for paving or asphalted roads. The plans indicate that requirements in the Prairies for paving are nowhere near being fulfilled. It has been shown that there is a definite relationship between the availability of paved roads and the consumption of petroleum products. Although increased consumption will be slow under even a stepped-up road-building program, we still must give careful consideration to the importance of goods roads to the economic growth of our country.

WILLIAM H. PALM
President, General Metal Products Company

During the year just closed, the Canadian economy remained surprisingly firm, despite a number of adverse influences. Perhaps the most important effect which any swing in United States business prosperity exerts on the Canadian situation and which was most evident in 1958 was the impact on the export front. The economies of the two countries are becoming more closely inter-related as time goes on, with the result that Canada’s economy reacts more rapidly to the impact of such changes than was the case in years past. Only recovery from an initial weaken-

A. ROSS PARKYNTZ
President, The Imperial Life Assurance Co. of Canada.

The best insured nation in the world will maintain its position so long as the economic recovery proceeds. The first, in the United States, the second in Canada. Group life policies should show much improvement in the year ahead, and the personal life insurance should continue to account for about 2% of the market. The perry factor is that we have a large and growing population which makes Canadians the best insured in the world.

The life insurance companies are likely to continue to give a satisfactory experience with moderately improving rates. A year ago, the average death claim was $325. It is expected that the death claims will average $375 in 1959. Even at this rate of increase the vast coverage in effect will produce close to $200 million for Canadian benefit claimants, resulting from death claims. Nearly twice this amount will be paid as "living" benefits to the policyholders themselves.

More than 800 companies—Canadian, British, U.S., and European, operating in Canada—will continue to be big factors in the investment field. Canadian development companies are investing a large amount of money in new company funds. Corporate bonds already financed to the extent of 40% of their company's total investment have been well supported by life insurance investment. Overall there could be more emphasis on bond investment in the coming year, as the Canadian investment banks are investing in mortgages, though Canadian house building, although somewhat slower, is being driven by its main institutional support from the life companies.

Investment opportunities will enable the companies to meet changing conditions, and to assure the owners of assets—a factor of considerable benefit to policyholders. Life insurance companies are also increasing their personalization and more automation, which will mean upgrading of jobs and control of costs, a feature of the year of sound progress and buoyant growth for life insurance in Canada.

JOHN S. PROCTOR
President, Imperial Bank of Canada, Toronto.

The figures for the first quarter of 1959 were so favorably supported by increases in consumer spending, largely brought about by rising personal income. The parallel rise in consumer incomes recalls recession needs explanation. Employment levels have continued to decline, wage rates rose, and so labor income expanded by 2.7% over the first quarter of 1958. While the growth in labor income in the first half of 1959 rose by $150 million. The growth in disposable income, however, in the first half of 1957. Of even greater importance in the current year, personal incomes were the increases in old age pensions, in payments to students, and the like.

The total of such payments in the first half of 1959 was $2.5 billion as against $2.3 billion in the first half of 1958, an increase of 30%. This remarkable behavior of income in a recession made it possible for the consumers not only to raise the level of their purchases but to increase his saving at the same time. Should this trend continue, there will be an important factor of rising income in the depressed consumer goods, and considerable further consumption spending would still be possible, even at present income levels.

The rise in house building has been of great importance to the Canadian economy in 1958. The increase in the rate of maintenance of our total exports through increased sales of uranium, aircraft, grain, dairy products, metal swarf and base metals, has eliminated one source of deflationary pressure common in reces-
sions. Although the level of investment spending on new machinery and equipment falls off somewhat, the rate of investment in new machinery and equipment has been relatively flat. The rise in industrial capacity has been declining and commercial construction contracts have shown remarkable growth. Construction in 1959 is expected to be much greater than in 1958. Contributing to recovery have thus far, in some part, in part to the operation of the Canadian economy.

The evolution of the Canadian economy will depend also on the condition of our main foreign markets, as well as on the situation of the industries that make up the national income. In the United States, where the recession was not as severe as that of previous years, business recovery has been much more rapid, so we may hope that export sales will soon regain lost ground. Cooperation between the two countries to this end would be valuable to both. New outlets, Great Britain and the other countries of Western Europe have not been affected, as might have been expected. A new outlet, the United States and their situation as a whole is quite satisfactory. It remains to be seen, however, whether the Common Market will have a favorable effect on our exports to Europe.

Public outlays on goods and services, while subject to

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Review and Prospects
For Canada's Future

Income. As I have said on other occasions, increases in income can be justified by increased productivity and by increased productivity alone. There are those who assert that the government does not possess, and which, if it did possess them, it ought, not to exercise the least control, should result: Some of the measures which I am about to adopt would involve such a regimentation of the Canadian economy as would, I trust, be intolerable to the Canadian people in time of peace. In a free economy, in times of peace, the government cannot compel the freezing of costs or prices.

I have reserved to this point my comments on the responsibility of the Government in its own proper field. Government policies, undoubtedly can and do affect the economic forces which have either inflationary or deflationary tendencies. I do not shrink from the responsibility of Governments in this regard. I believe that the Canadian Government is quite clear. It was stated by the Prime Minister and myself on July 14th when launching the Conversion Loan campaign. On that occasion he said: ‘One of the primary advantages which will, I am sure, come in truly into being through your participation in this Loan (the Conversion Loan) is in every sense an anti-inflationary policy. It is, in every sense, a sound money policy. I want to emphasize again at this time, the preservation of a sound currency and the maintenance of the parity of the value in the dollar are matters to which the Government attaches the highest priority.

On the same occasion I stated: ‘Throughout the Conversion Loan the Government is reaffirming its determination to follow policies that will maintain the soundness of our currency and the purchasing power of your dollar.’

States Government’s Policy
This remains, let it be said, the policy which I have adhered to. I do not understate the risks of inflation. I am keenly aware of about concerning the size of this anticipated deficit. I heard and read talk of "the billion-dollar deficit" and "billion-dollar deficit." Last summer I gave Parliament an estimate of $500 million as the amount of the deficit. Now at the end of nine months of discussion, no reason to expect any material change in the figures. The deficit will be $500 million. It is a very serious situation.

This is the open season for rumours and speculation as to what the Government will do in the situation. I do not, however, recall a similar degree of interest in the economic sphere on this interesting subject. Let me dispose of all this by saying that at this early stage no major economic decisions have been taken. No speculation has any base or foundation. I think it is important to shelter itself under the Department of Finance for no statement has been issued from our budget plans in any form. The Secretary of the Department and any statement alleging a leak is entirely without foundati

Conclusion
1959 was a year of abnormal unemployment and of soft spots in the economy. It will be remembered also that the whole economy was involved in a recession and the recession in the economy so far as the Government has power to do so.

The expenses of Governments are high. The Canadian people continue to demand a high standard of services and social benefits. These must be paid for. I wish, therefore, to draw attention to the increasing importance of the role of the Canadian dollar. The Canadian dollar is the key to our economic policies. It is the key to the economy of our country. The Canadian dollar is the key to the economy of our country.

The prospects before this country are bright. The Canadian economy has never been in better condition. It is the key to the economy of our country.

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limited flexibility in timing, may also be varied to counteract both inflation and recession. This is one of the important reasons why the Federal Reserve cannot be expected to be unduly inflationary or deflationary, since the one factor that would be most useful in determining policy is whether or not the political process results in an abandonment of counter cyclical policies and the anti-cyclical budgeting that should accompany them. 

L. R. RAMSEY
President, Beloit-Cortelli Limited

In forecasting prospects for business for 1959 one is no doubt influenced by conditions existing at the time of writing. It is possible however, that it will be even more

impossible to evaluate the influence of the first quarter

demonSTRates considerably better. This is the business which have shown the best results during the last quarter, namely Nylon Threads, Elastane, Braids and Ribbons — would appear to be the ones which are gaining in the way that I believe at an accelerated pace.

Ladies Nylon Hosery, despite some pick-up in Nov. and Dec., remains in the same department of our business which cannot be viewed with the optimism for 1959. We are still plagued by over-capacity in the Full-Fashioned Branch of the industry. The demand for Full-Fashioned Hosery has existed for over seven years and, although there is still under-capacity for production, the quantity of goods being produced is very weak, and quantities are being imported at low prices. The strong demand for Full-Fashioned Hosery has given our Full-Fashioned Hosery Mill some work, particularly on earner gauge equipment, and we are very hopeful that this Department will produce profits in the coming year.

Hopewest indications for next year: are — larger populations, larger per capita earnings, low inventories, and I would add, the return of the recession, which had everyone worried at this time last year, is about over.

Conditions that would seem to preclude any over-optimism are — large-scale unemployment, continued wage depression, low living standards, low productive increase, higher freight rates, international unrest and the continued export of raw materials on which we are dependent. If all of these conditions should remain, we would expect that the spring of 1959 would bring about the beginning of an economic recovery, which will come about with a long gestation period. We are not blind to the fact that many wide areas of the world are in recession and that we are in a country that is not able to compete with the countries which have large scale industries.

The Canadian economy will be dominated by the re-emergence of the U.S. economy and the recovery of the world economy.

We are hopeful that our Tariff Board will make recommendations that will be accepted by our Government that will result in our industry regaining at least the competition level of the past. We are going to have to look at the world market lost to imports since immediately before the last war. In surveying the growth in the U.S. economy, and the beginning of the recognition of our country, we believe that there is no room for complacency. We are looking forward to a large American market and our present position is a result of our past performance and the position we are able to maintain in this country and with present small exports. The expectation of the term prospects should be as good as any in the world.

J. H. RAMANAH
President, Industrial Acceptance Corporation Limited

The trend of volume in the instalment sales finance industry is on the mend, of course, of the volume of sales of the goods usually financed. First in this category are motor vehicles. Indications point to a reasonably good market in 1959, with a probable increase over 1958. The reception of the 1958 models by the public has been very encouraging. The amount outstanding owing to instalment sales finance companies in Canada in 1958 was $3,270,000,000. This is $297,000,000, or 9.9% of our market lost to imports since immediately before the last war. In surveying the growth in the U.S. economy, and the beginning of the recognition of our country, we believe that there is no room for complacency. We are looking forward to a large American market and our present position is a result of our past performance and the position we are able to maintain in this country and with present small exports. The expectation of the term prospects should be as good as any in the world.

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However, it would seem that the sale of industrial machinery and equipment that is purchased on an installment basis will continue into 1959 with little change from last year, and I think it would be reasonable to expect that the amount sold will be consistent with the amount sold in 1958.

Over all, therefore, the total volume of instalment plan purchases in 1959 will quite likely show some modest increase over 1958.

LOUIS RETMAN
President, Retman's (Canada) Limited

In Canada the Chain Store field of Ladies' Specialty Shops, selling ready-to-wear, sportswear, accessories and other items, has shown evidence of its continuing growth and increased purchasing power, which should produce higher levels of retail sales.

Retailations will still continue to be a dominant factor in retailing. Department Stores, Variety Shops, as well as most Specialty Shops have modernized and enlarged their facilities in order to keep the customer in town, and the fact that there has been a great increasing of population and with increased purchasing power, which should produce higher levels of retail sales.

The outlook for the new year will be very dependent upon man, factors. First among them, the turnover in the growth of population and with increased purchasing power, which should produce higher levels of retail sales.

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Squelled Groups

The trouble is, of course, that the unions and their leaders are one of the groups which have been and are still a "material constraint," according to the President him- self. As we have seen, it is only when the leaders of a group have relinquished a material constraint that the President can act. The President's "untoward attitude" has prevented the realization of a national scandal—"a national scandal" is an expression that is used to indicate that the President has been unwilling to act. If the President recognizes that the current situation is not "unwilling" to act, then the President is free to act. If the President does not recognize that the current situation is not "unwilling" to act, then the President is not free to act.

Surface Hardly Scratched

But the fact is that it hardly scratches the surface. Despite the fact that there is some recognition of the problem, the President has not been willing to act. The President's "untoward attitude" has prevented the realization of a national scandal—"a national scandal" is an expression that is used to indicate that the President has been unwilling to act. It is only when the President recognizes that the current situation is not "unwilling" to act, then the President is free to act. If the President does not recognize that the current situation is not "unwilling" to act, then the President is not free to act.

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The President is nothing if not moderate in his planning to prevent inflation.

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The production decrease in 1957 was due to a reduction in the tonnage harvested and the smaller number of milk cows. Total selling value of milk, at factory shipments for the past two years was $13,315,534 in 1956 and $15,190,809 in 1957.

Generally speaking, sales of wine in Canada are carefully controlled, which means that purchase of the product, say in Ontario for example, is through Ontario Liquor Control Board stores and also through company-owned outlets, the number being regulated by the Liquor Control Board. In Ontario, with a population of approximately six million, Chateau-Chi quarry, for example, is sold only in company-owned stores. This makes it difficult for vast numbers of potential buyers to procure a product which they might serve much more frequently at home could purchase it more readily.

However, with more and more Canadians serving their homegrown product, both formally and also using it in their cooking, we expect the increase in sales to continue during 1958, with resultant benefit to the entire industry enjoying its best year ever.

E. G. SILVERWOOD
President, Silverwood Dairy's, Limited

The problem of huge stocks of certain dairy products for which there is no market in sight at this time is the cloud overhanging the dairy industry in Canada. The Federal Government is committed to a policy of price support in the interests of dairy farmers, which results in keeping domestic sales prices at higher levels. There is of course no relationship between supply and demand in these circumstances and the high prices tend to discourage consumption.

In the case of butter the differential between its market price and retail price is slowly increasing; consumption of butter is declining and production is increasing. The government authorities at high levels have advised the industry that we are unable to carry away our butter and stocks of government-owned milk powder, which are expected to be approximately 15 million lb. by next spring. It is evident that support prices have been sufficiently high to induce an increased production of 63 million lb. of skin powder in the first nine months of this year in spite of the fact that there is no market for this increase.

The value of this milk at $2.10 per hundred weight will exceed $6,000,000 Great Bras D'or Causeway link. Other construction is also at a high level.

There are many evidences of faith in Nova Scotia's nickel industry, highlighted by abundant supplies of nickel throughout the free world for both civilian and military purposes as well as by vigorous competition for new markets. The free world attains a new high in annual nickel production capacity in 1958, estimated at about $25,000,000 pounds—almost double the capacity existing prior to the Korean conflict.

Total nickel consumption in the free world during 1958 is expected to be between 250,000,000 and 255,000,000 pounds, compared with about 415,000,000 pounds in the previous year. The principal cause of the decrease was the business recession in the United States and Canada which had a particularly strong effect upon the production of durable goods. Because this number of important new projects, including the start of Transmission grid connections with New Brunswick.

Nova Scotia continues to benefit from its pivotal position in the Atlantic Provinces, whose population now exceeds 1,900,000 and where purchasing power is steadily advancing.

DR. JOHN F. THOMPSON
Chairman of the Board, The International Nickel Co., Canada, Limited.

The year 1958 was marked by dramatic changes in the nickel industry, highlighted by abundant supplies of nickel throughout the free world for both civilian and military purposes as well as by vigorous competition for new markets. The free world attained a new high in annual nickel production capacity in 1958, estimated at about $25,000,000 pounds—almost double the capacity existing prior to the Korean conflict.

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Capital Inflow, Inflation and Monetary Policy in Canada

the one hand various factors make for close integration, such as: common currency, mutual security, and the fact that Canada is the largest client of the American financial and insurance companies, and is the largest customer of the United States. On the other hand the two countries are quite disproportionate in size and wealth, while the general standard of living is much lower in the United States. After all, the U.S. is the largest and most populous country in the world. The United States has a population of over 300 million, whereas Canada has a population of only about 35 million. The economic and social problems of the United States are also much more complex and challenging than those of Canada.

As some mutual benefits are also found, the integration of these two countries is quite beneficial for both of them. The U.S. and Canada share a common border and language, which facilitates close economic and political integration. The two countries also have similar economic systems and cultures, which makes it easier for them to work together. The economic and social problems of the United States are also much more complex and challenging than those of Canada. The U.S. has a much larger economy and population, which makes it easier to absorb shocks and crises. The integration of the two countries also helps to reduce economic fluctuations and increase economic stability. In summary, the integration of the United States and Canada is beneficial for both countries and has great potential for future development.
Continued from page 42

The American and Commercial News, Thursday, January 22, 1959

nearly. Cuban production was also reduced as a result of lower prices. Miners who were unemployed.

Free World Nickel Production Capacity to Increase

Today's free world annual nickel production capacity of approximately 250,000 pounds is expected to grow almost 50% during the early part of 1959. It is estimated, will reach about 350,000 pounds in 1959, almost triple the amount produced in 1958, which totalled 117,000 pounds. In 1958, it is significant that the projected 1959 nickel production capacity is nearly double the estimated total free world consumption in 1958. As a result, consumers who have been forced for a protracted period to curtail their nickel buying due to civil disturbances now be assured of steady, abundant supplies of this extrinsic metal.

A substantial part of the estimated increase in free world nickel production capacity by 1959 will be forthcoming from the greatly expanded nickel mining operations in Canada's nickel mining region. Nickel's production capacity of over 120,000 pounds per year. The project is being financed from company funds and without any government guarantee of a market.

The increased nickel production potential in 1959 also includes from Canada that of Falconbridge Nickel Mines Limited and Noranda Nickel Mines Limited. As the result of expansion programs in which these companies have been engaged, their respective capacities will reportedly grow to 27,500 pounds per year during the 1959 period. It has been reported that the capacity of the United States nickel mining industry will increase from about 5,000 pounds per year.

In October, 1957, the United States Government authorized the re-opening of 57 nickel deposits totaling 1,100,000 pounds of nickel scheduled for stockpile delivery in 1958. Due to the fact that the U.S. nickel production capacity of which was premium-priced, did find markets. The Government has announced it will also offer to industry in the United States any nickel deposits totaling 1,100,000 pounds—contracted for stockpile delivery in 1959.

Nickel Prices

The market price for electrolytically refined nickel remained above the spot delivery price of $32 per pound (in currency), including the 14 1/2 cents United States import duty.

In July, International Nickel's United States subsidiary, The International Nickel Company, Inc., announced that it had set the price of its 75% nickel, electrode, packed for use in the making of steel, at $25 per pound in Buffalo, N.Y., or other established point of entry into the United States. Previously the company's price was 70.25 cents, unadjusted at Chicago, Illinois. This reduction was an attempt to price the nickel oxide produced by International Nickel on a competitive basis.

Nickel Applications

The greater availability of nickel during the year brought new applications to the forefront that others of a restoration of older uses which had been in effect prior to the period of restricted civilian supplies. Free world nickel consumption by fields in 1958 is estimated at 55%—28% to steel, 16% to nickel specialty alloys, 16% to foundry products, 15% to electroplating, 14% to copper and aluminum base alloys, 13% to chemicals, 10% to household goods.

These figures show that the steel industry consumes almost 50% of all nickel used in the United States. A quarter of the nickel alloy is used in the automobile industry, with the remaining quarter going to the electrical and machinery industries. In addition, nickel is used in the making of electrical equipment, including generators, transformers, and control devices.

Nickel Production

Nickel production in Canada has been increasing steadily in recent years. In 1958, Canada produced 117,000 pounds of nickel, an increase of 50% over the previous year. The increase was primarily due to the expansion of nickel mining operations in the Sudbury District of Ontario. Canada continues to be the world's largest source of nickel, accounting for approximately one-third of the world's production.

In 1959, nickel production in Canada is expected to increase by 50%, with production reaching approximately 170,000 pounds. This increase is attributed to the expansion of existing mines and the development of new mines.

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NasD District No. 4
Elects Bunn & Lucas

ST. LOUIS, Mo.,—John W. Bunn, Senior Vice-President, 5th & Nicholus & Co., Inc., St. Louis, was elected Chairman of District No. 4 of the National Association of Securities Dealers, Inc., Vice-chairman. District No. 4 comprises the States of Kansas, Missouri, Nebraska and Oklahoma.

Mulvehill Elected Director

Edward L. Mulvehill has been elected to the Board of Directors of the Broad Street Group of Mutual Funds, Broad Street Investment Corporation, National Investors Corporation and Whitfield Fund, Inc. It has been announced by Francis F. Randolph, Chairman of the companies. Mr. Mulvehill is President of American Re-Insurance Company.

C. T. Finney Opens

Special to the Commercial and Financial Chronicle

FLORENCE, Ala. — Charles T. Finney is engaging in a securities business here under the firm name of C. T. Finney and Co. Mail address is P. O. Box 647.

Prospectus on Request

SCudder Fund of Canada Ltd.

Copies obtainable from your local investment dealer, or from the undersigned.

William Street Sales, Inc.

One William Street
New York
Continued from page 44

facilities for employees at the mines and to attain even higher standards of health and safety in mining operations.

The industry will devote much activity during 1959 to the question of its present and future markets. Through a recently formed uranium producers' committee within the Atomic Energy Commission, close contact will be maintained with the Government, on an industry-wide basis, on all matters affecting the industry's present and future activities. Efforts are being made already to persuade the Government to remove some of the restrictions presently impeding non-governmental sales abroad of Canadian uranium. A major task of the industry is that of drawing the attention of the general public more deeply aware of the size of this young industry, its permanence on the Canadian scene, and its importance to the Canadian economy.

EDWARD C. WOOD
President, Imperial Tobacco Company of Canada, Limited

As in other years, when there has been some hesitation in the general economy, the trend of sales in 1958 for the Canadian tobacco industry has exceeded that of industry in general by a wide margin. According to the latest data, the excise revenue for Canada show an increase of 7% for the eleven months ending in 1958 as compared with the same period one year earlier. The increase is due almost entirely to the introduction of new brands and packagings. The trend to a greater variety of filter-type cigarettes has been maintained. Several new brands of cigarettes are now on the Canadian market. At the end of 1958, there were 1,189 companies producing cigarette brands in Canada. A major reason for the increase in tobacco sales is the growing awareness of the country's need for a strong national defence, and the need for retail sales to help meet the cost of maintaining this defence. Tobacco companies have done their part to support the Government's efforts to keep the country strong. The federal government's policy of national emergency has been uniformly accepted and has been acted on by all levels of government.

In the year 1959, there is every reason to believe that the Canadian tobacco industry will continue its steady growth, and that it will contribute its fair share to the nation's industrial development.

The construction industry in the Dominion employs about 600,000 persons and has an annual payroll of about $2,250,000,000. It is Canada's biggest industry and spends more each year than the combined budgets of the Federal government and the Government of the Province of Quebec, which is the largest province in the country. In 1958, the construction industry was the subject of much discussion and debate, as many people were concerned about the future of this industry. The construction industry is an important factor in the country's economy, and its future is of great interest to many Canadians.

We commend the Federal government's policy of launching a national development program to support the economy on a long-term basis. Expenditures totaled $25,000,000,000, the largest in the country's history. This program and others will lead to the development of vast Canadian resources in the northlands, which will result in the development of the country's vast potential resources. The Department of Transport, alone, will spend $100,000,000 in the next four years enlarging and modernizing airports under its jurisdiction.

Canada's population has increased by more than one-third in the post-war period, and the country now has about 500,000 persons annually. Last year Canada took in 282,164 immigrants, the largest number since 1913. We should be happy that the high priority defense program is still being advanced from a construction point of view. The Department of Transport, alone, will spend $100,000,000 in the next four years enlarging and modernizing airports under its jurisdiction.

Our firm was founded several years ago to specialize in the investment of U.S. capital in Canadian real estate, and interest by U.S. investors in Canada has never been as great. During the past four years, our organization has invested in Canada in excess of $200,000,000, and we have made arrangements for the investment of another $800,000,000 in the next few years. Our investments have been made in Canadian real estate with a view to earning a high return on investment and to the economic well-being of Canada. Our investments have been made in buildings, factories, and other properties in Canada. We have invested in a number of projects, including the construction of new buildings and the renovation of existing buildings.

Interest in Canadian real estate investments has been steady for the past five years, as more and more U.S. investors become aware of the excellent opportunities for investment in Canada, which, generally speaking, provides higher yields.

Another facet of the growing interest in Canada by Americans is the popularity of mutual fund organizations. There are now more than 100 such organizations in the United States, and over 100 of them have invested in Canada. The mutual fund organizations have invested in Canadian real estate with a view to earning a high return on investment and to the economic well-being of Canada. Our investments have been made in buildings, factories, and other properties in Canada. We have invested in a number of projects, including the construction of new buildings and the renovation of existing buildings.

There can be little doubt that the future of the Canadian real estate market is secure, and that there will be a continued demand for Canadian real estate. The country is rich in natural resources, and has a large and growing population. The government is taking steps to ensure the future of the country, and is providing a stable environment for business and investment.

In conclusion, I would like to say that the construction industry is an important factor in the country's economy, and its future is of great interest to many Canadians. Our firm, the Yarmon Company, has been investing in Canada for many years, and we believe that the future of the country is bright. We encourage other investors to consider investing in Canada, and we look forward to continuing our investment in the country.

The Commercial and Financial Chronicle - Thursday, January 28, 1959

D. K. YAROTH
President, Ontario Natural Gas Company Limited

Northwestern Utilities, Limited

This is being written on the eve of public hearings to begin in Calgary on applications of three companies to export gas from the Province, namely Alberta & Southern Gas Corporation, Trans-Canada Gas Limited, and Canadian Pacific Limited (Trans-Capital Gas Company Ltd., and Trans-Canada Gas Limited). Before the end of the year, applications for additional export of natural gas are expected to be made by the Governments of the provinces. It is hoped that the hearings will be held during the year, and that the decisions of the Government will be announced before the year is over or permits for additional export of natural gas will be granted. The application of the Alberta & Southern Gas Corporation to export gas to the United States and the decision of the Government of the Province to export gas to the United States and the decision of the Government of the Province to export gas to the United States will be reviewed.

The granting of such permission will have an almost immediate impact on the construction of a pipeline that has been under development for some time. This pipeline is to be used for the export of gas from Alberta to the United States. The pipeline is to be completed by the end of the year, and it is expected to be ready for operation in the spring of 1959. The construction of the pipeline will be financed by a loan from a bank in the United States, and the loan will be repaid by payments of royalties on the export of gas. The construction of the pipeline will be financed by a loan from a bank in the United States, and the loan will be repaid by payments of royalties on the export of gas.
Transcontinental Gas Pipe Line Bds. Offered

White, Weld & Co. and Stone & Webster Securities Corp. yesterday, Jan. 28 headed an underwriting syndicate which offered an issue of $35,000,000 Transcontinental Gas Pipe Line Corp. mortgage pipe line bonds, 5% semiannual interest, due Aug. 1, 1979, at 98.74%, and accrued interest, to yield 5.25%.

Net proceeds from the financing (1) will be used by the company to finance part of its scheduled construction program, the company estimates that this total expenditures incurred and to be incurred after Sept. 30, 1958 to complete its construction program as then scheduled, and as subsequently expanded, will not exceed 185,000,000. A portion of this construction program is subject to the obtaining of Federal Power Commission authorization or to decisions favorable to the company's standing appeals from certain authorizations already granted by that Commission.

Transcontinental Gas Pipe Line Corp. owns and operates an interstate pipeline system for the transportation and sale of natural gas. Its main pipeline system extends 4,843 miles from the Texas and Louisiana Gulf Coast to the New York-New Jersey-Philadelphia area. At June 30, 1958, the company had an allocated capacity of 1,106,529 mcf per day, of which 786,600 mcf per day was available from storage. The construction program of the company, scheduled for completion this year, includes three principal segments: (1) Increasing the allocated capacity of the main line to 1,321,177 mcf daily, which will complete the original line from Louisiana to New York and bring the line to its full capacity; (2) the construction of 864 miles of new pipeline in southern Louisiana to tap new gas reservoirs, and (3) the building of 82 miles of line from points of connection with the main line in New York to new storage Field in central New York.

The new bond issue is re-offer at optional redemption prices ranging from 105% to par, plus accrued interest. However, no redemptions may be made before Feb. 1, 1968 as a part of or in anticipation of any redemption or offering of any bond issue in which debt is incurred at an interest cost to the company of 9.5% or more. The new bonds are also entitled to a sinking fund through which the new bonds will retire the principal according to a sinking fund schedule beginning on Feb. 1, 1968 and semi-annually through Jan. 1, 1978. As of Jan. 3, 1958, the company had total operating revenues of $118,485,429 and net income of $15,069,302.

D. V. Stabell Opens New Branch.

ST. PETERSBURG, Fla. — Donald V. Stabell is engaging in a securities business deal, forming a new branch of the firm, 202 Ninth Avenue North, St. Petersburg, Fla.

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Service for BANKS BROKERS DEALERS AND INSTITUTI...
Current Monetary Policy and Federal Reserve's Role

Refuses Anti-Recession Inaction

In our survey last year, we found that a large percentage of economists believe that our economy is at a turning point. We think this year we have come to that point. The reason is that, after several years of rapid growth, the economy is now slowing down. As a result, we are facing a period of decline, and the Federal Reserve is likely to act in response to this decline.

The Federal Reserve has long been known as a key player in the economy, and its actions can have a significant impact on the country. In this article, we will review the current monetary policy and the Federal Reserve's role in managing the economy.

More Savings From Stable Dollar

The social injustices by which we have been so often and so stupidly moved by our governments is that we have been told we cannot understand the problems of the world because we have not been given the necessary tools to do so. The truth is that we cannot understand the problems of the world because we have not been given the tools to solve them. The problems of the world are too complex, too interrelated, and too numerous to be solved by any one country or any one approach. The problems of the world are solved by the cooperation of all nations, and the cooperation of all nations is necessary for peace.

Deflate Blame Financing

Now that we have a stable dollar, the Federal Reserve will be able to focus more on the other aspects of the economy. The Federal Reserve has stated that it will reduce its rate of growth to 4% per year. This will provide a much-needed boost to the economy.

The argument is that the economy is in a phase of rapid growth, and that the Federal Reserve is necessary to keep it going. However, we think that this is not the case. The economy is not in a phase of rapid growth, and the Federal Reserve is not necessary to keep it going.

Marginal Influence Over Interest Rates

At this point, it is important to note that the Federal Reserve is not the only factor that affects interest rates. Other factors, such as the supply and demand for credit, also play a role in determining interest rates.

Suggests More Taxes

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How and Where U.S. Exporters Will Sell Overseas in 1959

In good and dollar resources by the U.S. economy for export to the rest of the world. The situation is generally more favorable for the U.S. exporter in Belgium or certain other markets because of the world-wide demand for American goods. American exports to Western Europe in 1958 increased more than 50% over the previous year, and the increase continues this year.

French Expansion

The French government is actively promoting an expansion of French exports. Economic expansion in France will enable more goods to be produced and sold to foreign countries. This trend will continue through 1959.

Western Germany

Western Germany is another area where American exporters can find opportunities. The German economy is expected to continue growing steadily, and the demand for American goods will increase. This will provide good opportunities for U.S. exporters.

British Overseas Trade

The British economy is also expected to grow steadily in 1959. This will create new opportunities for U.S. exporters, particularly in the areas of machinery, electronics, and transportation equipment.

Conclusion

In conclusion, American exporters have many opportunities to sell their goods overseas in 1959. The key is to identify the markets where demand is strong and to develop effective marketing strategies to reach those markets. By doing so, U.S. exporters can take advantage of the strong economic conditions and increased demand for their products in overseas markets.
How and Where U.S. Exporters Will Sell Overseas in 1959

recover part of the drop. Future Federal Reserve loans under the emergency financing, which were cut off and expanded at year-end, have been reduced to a minimum. Only a higher price for gold could stimulate new gold sales. The long-term recession is not yet over.

As our country - by country analysis approaches the Far East, it becomes less apparent whether any region contributes to the balance of trade as in previous years. The countries for the most part are independent of the U.S. and have the ability to maintain a favorable balance.

India's Exports to U.S. A

Prospects for India's exports to U.S. are promising, particularly for jute carpet backing and carpet wools. Pakistan's textiles, batteries, copper ore, and paper imports are expected to be up by the second quarter of 1959 from 1958 levels. The increased business will help to cut the trade deficit which has been acute.

Pakistan's imports of goods and services are held down because of the recession here caused by the recession in the United States. Pakistan's imports are expected to decline further in 1959, and the growth of services abroad will be curtailed. The situation will not improve until the recession here is over.

More Argentina Deterioration

In Argentina, the economic situation, which has been deteriorating for the past two years, is expected to worsen in 1959. The Argentine government's oil exploration agreement with Saudi Arabia, if it continues, will be of little help in improving the situation. The government has already spent $35 million capital investment by Argentina's investors in the U.S. and the Colombo Plan aid allotments. This growing economy offers increased opportunities for Argentine exporters.

The Argentine government is also financing the construction of a new harbor at Puerto Iguazu, which will be of great importance to Argentine trade. The harbor will be open to foreign ships by the second quarter of 1959.

Australia

Australia is in the midst of a recession, and the growth of business will not be as rapid as in previous years. The Australian economy is not as strong as that of many other countries, and the growth of business will be slower. The government is采取措施 to encourage business growth, and the Australian dollar is expected to remain stable.

Economic Activity and Business

Economic activity is slowing down, and business growth will be slower than in previous years. The government is taking steps to encourage business growth, and the Australian dollar is expected to remain stable.

Brazil and Europe

Brazil is a sharp rise in trade with Europe. The Brazilian government is encouraging trade with European countries, and the growth of business will be faster than in previous years. The government is also encouraging trade with Asian countries, and the growth of business will be faster than in previous years.

The U.S. government is taking steps to encourage business growth, and the Brazilian dollar is expected to remain stable.

Negotiations for the formation of a new European Economic Community, which is expected to be completed in 1960, will continue at least until the first quarter of 1959. The negotiations will be difficult, but some progress is expected to be made. Spain will be an important member of the new community, and the growth of business will be faster than in previous years.

In Central America, the launch of the General Agreement for Trade and Development will be of great importance to American manufacturers, and the growth of business will be faster than in previous years. The General Agreement for Trade and Development will be of great importance to American manufacturers, and the growth of business will be faster than in previous years.
The State of Trade and Industry

The drive to rebuild steel industries is turning into a stampede, according to the "Iron Age," national metalworking weekly. Barring reports with its customers to get their orders in, stated that "orders are just sweeping us." Right now, it said, new business is run- ning well.

"We are in the midst of a stampede,"" Iron Age" said, "further that steel users are playing both ends against the middle with efforts to stockpile steel at a time that strike at mid-year is going on. Steel is securing second quarter delivery and at the same time placing orders for first quarter, when a Miller" said.

"May is the key month," according to the trade publication. "This is the passenger tonnage month, and the supply is running backwards through April and March. The outlook is for plate, a wide range of beams, and all rolled products—sheets, strip, and coated sheeting as well.

At the same time, the metalworking magazine said that many companies are taking a position that will be strengthened if the strike is settled. New orders will now be able to strengthen their inventories and take advantage of the situation, the "Iron Age" said.

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Glass Workers' Strike Cuts Auto Output

United States passenger car production was scheduled for a 5% cut in May, due to the "Iron Age" strike. This was a 23-week cut in manufacturing, the "Iron Age" said. Demand for light-duty rollings is expected to be affected.

"Ward's" estimated the week's car production at 129,000 units compared to 135,831 in the previous week and 107,000 in the corre- sponding week a year ago.

"Chrysler's" recent limited operations and the prospect of a complete shutdown, according to the "Iron Age," are preventing the industry from accomplishing its January production goal of 500,000 automobiles. This time at approximately 550,000, 5% or 7% lower than the original target.

"Ward's" estimated the week's car production at 129,000 units compared to 135,831 in the previous week and 107,000 in the corre- sponding week a year ago.

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Steel Buyers Rush to Replenish Inventories

Demand for steel is rising rapidly as consumers strive to reple- nish low inventories, "Steel" magazine reported Jan. 26.

While steelmaking costs have risen significantly, steel buyers are suddenly realizing that they don't have enough metal on hand to sustain the current levels of production.

They are scrambling to get promises of deliveries of cold- rolled sheet within eight weeks. For steelmakers, it is a refresher course in the art of meeting delivery promises.

Steel supplies have been strained because of a small increase in inventory levels in recent weeks. But soon, tomorrow, they will catch consumers in their worst inventory position in about eight days.

Demand for cold-rolled products is mounting, with cold- rolled galvanized and aluminum-coated sheets in tight supply. It is rumored that major steelmakers may put cold-rolled sheets on allocation during the second quarter, but company spokesmen say such talk is premature.

Banks usually follow these as a hard-to-get item, but many observers believe the banks will not hold back funds for repair and replace old equipment, and reversal of the Memphis Coal strike is expected to increase new orders.

Last week, steelmaking operations were running only about a half a point to 75% of capacity. Production was about 2,113,200 nets of steel in the 97 plants reported, less than 3% below the 2,118,900 nets of steel for the same period a year ago.

"Steel," the price composite on No. 1 heavy melting scrap advan- ced for the second straight week, rising another $4 to $19.60 a ton.

Steel Production to Rise Sharply

The American Iron and Steel Institute reported that the operating rate of steel companies will average 73.7% of steel capacity over the period beginning Jan. 26, equivalent to 2,120,350 nets of ingot and steel castings (base period 1947-49) as compared with an actual rate of 72.8% of capacity, and a planned rate of 75%

Output for the week beginning Jan. 26 is equal to about 78.1% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,000 tons, compared with an actual of 77.9% for the same period last year.

For the week like a month ago the rate was 128.1%, and production 2,058,000 tons. A year ago the actual production was placed at 1,450,000 tons or 98.7%

Index of production is based on average weekly production for 1947-1949.

Electric Output Exceeds Previous Week's Total

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 24, was an all-time high, according to the National Electric Institute. Output for the past week was above the level of the previous week.

For the week ended Jan. 24, output increased by 70,000,000 kwh, over that of the previous week, and showed a gain of 998,000,000 kwh, or 17.6%, over the corresponding week in 1958.

Carloadings Up 6.6% Above Previous Week

Revenue loading of freight for the week ended Jan. 17, totaled 506,254 cars, the Association of American Railroads announced, a gain of 34 cars, or 0.7% above the preceding week. The car- loadings for the latest week reflected an increase of 13,508 cars or 2.3% above the corresponding week in 1958, but a decrease of 76,815 cars or 12.4% below the high car-loading week of April 13, 1954.

Lumber Shipments Show 11% Increase

Lumber shipments of 474 reporting mills in the week ended Jan. 17 were 6.5% above production, according to the "National Lumber Manufacturers Association.

Although production increases were 7.5% above the preceding week, shipments were 7.5% above production. However, shipments in that period were essentially the same as those in the week of Jan. 10, and unfilled orders amounted to 38% of stocks.

For the Jan. 17, week, as compared with the preceding week, production of reporting mills was 18.9% higher; shipments were 11% above; new orders were 21.7% above. Compared with the corresponding week in 1958, production of reporting mills in the week ended Jan. 17 was 2.8% below; shipments were 2.9% above; and new orders were 5.3% above.

Business Failures Up Slightly

Commercial failures with liabilities under $5,000, down from 26 to 24 for the last week and 22 in the corresponding week of 1958. Liabilities exceeded $100,000 for 27 of the week's failures as against 33 in the previous week.

All industry and trade groups had heavier tolls during the week except retailing where casualties fell to 131 from 134.

Among manufacturers, failures rose to 61 from 52, among wholesalei- tors to 21 from 23, among construction contractors to 52 from 39, and among commercial service to 20 from 17. More manufac- turers succumbed than last year, while construction and service tolls remained almost stationary.

For the 52 weeks ending Dec. 31, 1955, the 1958 level occurred in retailing and wholesaling. At 133, the number was down 11 from the 144 of reporting week, upshift, with marked increases reported in the Pacific States, up to 54 from 38 a week ago, and in the West North Central, up to 23. In contrast, the Northeastern states showed a marked decline. Middle Atlantic casualties declined to 116 from 128, East North Central to 147 from 153, and the Old West to 21 from 26. Trends from last week were mixed; five regions reported fewer failures but six groups reported higher tolls.

Business Failures in 1958 Set Postwar High

Although dipping 3% in December to 1,082, business failures in the year 1958 were the highest since the end of the war in 1945, involved liabilities of $728 million, Dun & Bradstreet reports. The recovers' failure toll, however, for the year was only 14% above the comparable period of 1957; in the last six months, however, the increase slacked to 4% in the conventional month, and the ratio of failure remained moderate. Concerns failed in 1958 at a rate of 4.61 per 10,000, compared to 5.3 in "irregular" failure.
in fresh meat and fresh produce sagged. Some retail stocks of canned goods and frozen foods were limited.

Wholesalers reported a better-than-expected increase in orders for non-commodity goods. The biggest gain was in women's clothing, with increases in dresses and suits. Reports from department stores were 21%, and in department stores 24% in the automotive trade.

In contrast to the general upward trend, however, mortality and employment among construction workers was reported as down. One reason was that construction contractors failed, almost offsetting the continued rise among general builders.

Wholesale Food Price Index Shows Slight Rise

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"shake-out" of relatively short duration occurring this spring. It would provide a favorable buying opportunity if the trend of the market is clearly up.

Seams Major Market Factors

The component elements of the market fall into two generic cate-
gories, those that are strong and those that are weak. If you look at the four major market factors, one has been the dis-
concerting financial fiasco. The market always sells on the expectations of tomorrow, not on today. If one "knows" it will be. If you wait until you read the good news in your daily publication, the market people have already bought. The market has moved up two days ahead of any buying and discounting business improve-
ments for our view. However, the market doesn't discount the same thing twice. This market has moved up more than normal
than markets normally do. Therefore, business recovery proves that the optimistic attitudes will shift, and the market will move up.

Second, the American people are now realizing that "built-in inflation" will continue Com-
modities today in a welfare state. It appears that the commodities will continue up, will grow wages increase, and that will favor worker productivity. Result: a continued rising inflation. The public realizes that the money supply continues to be
price, and in this they will continue, and the possibility of individuals and our standard of living will have time to go up.

The fourth factor relates to supply and demand. Institutional funds in the United States have increased in value and the rate of earnings, an increase in direct rate that is unbelievable. The mutual funds and other institutions are putting more emphasis on common stocks, and why not? The rates of return on bonds, irrespective of how cheap they appear to be.

The third element of confidence is the future growth of population and in productivity. This has not been going up, and our tech-
nology and industries are coming in keep up with this will continue, and the disposable income of individuals and our standard of living is going to go up.

Intrinsic Value Factors

Let us now consider the intrinsic value of stocks. Earnings are trending up. The direction of earnings is most important in determining value. We project an earnings increase of more than 50% for 1958. This is approximately $2 billion compared to $1.3 billion in 1957. The government in its budget, forecasts a 35% increase for 1959.

Second, as to price-earnings relationships, i.e., the number of times the price of a stock is divided by the earnings—this is at an historically-high level. In the past, the ratio has been trending at about 18-19 times last year's earnings, which appears high. However, we believe that earnings will be materially higher in 1959 than in 1958 and that the only 15 times projected earnings. Also, the quality of earnings has been moving up. Corporations have been reducing their break-even points once before, and they are not taken away as a result of improvements. The investor can enjoy greater confidence in the maintenance of earnings and in the substantial increase in prices is not at excessive multiples.
**INDICATES ADDITIONS TO ITEM LIST.** **ITEMS REVISED.**

**Securities Now in Registration**

**Advanced Research Associates, Inc.**

**Alaska Juneau Gold Mining Co.**
Dec. 18, filed 280,000 shares of common stock, of which 390,000 shares are to be offered currently. Price—To be supplied by amendment. Proceeds—For development of the Forty Mile Gold Mining District. Office—302 Fifth St., N. Y. Underwriter—Allen M. Pepper, N. Y. Offering—May be expected in January.

**Algom Uranium Mines Ltd.**
Jan. 20, filed 7,200,000 shares of common stock to be issuable upon the exercise of outstanding stock purchase warrants of the company which entitles the holders to purchase common shares at $11 (Canadian) per share at any time and including March 2, 1959. Proceeds—To be used for general corporate purposes and may be applied to the redemption or repurchase of the company's mortgage debentures. Office—333 Bay St., Toronto, Canada. Underwriter—None.

**Allied Laboratories, Inc.**
Jan. 18, filed 40,000 shares of common stock (par $2.50) on an undetermined number of shares of common stock (par $2.50) not to exceed an aggregate market value of $500,000, to be offered to employees pursuant to the company's Employees Stock Purchase Plan. Price—80% of present market value. Proceeds—For general corporate purposes. Office—245 Park Ave., New York, N. Y. Underwriter—None. Offering—Expected—Opening of the New York, N. Y. market for the stock on February 16, 1959.

**American Asiatic Oil Corp.**
Nov. 26, filed 2,000,000 shares of capital stock. Price—Two cents per share. Proceeds—To sell stockholders. Office—Mapassy Building, San Luis, Ermita, Manila, Republic of the Philippines. Underwriter—None. Proceeds—Expected to be used for general corporate purposes.

**American Caribbean Oil Co. (N. Y.)**
Feb. 19, filed 10,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—To discharge current liabilities and to drill 19 wells. Underwriter—None.

**American Enterprise Fund, Inc., New York**

**American Furniture Co., Denver, Colo.**
Nov. 17, filed 1,000,000 shares of capital stock (par one cent). Price—At market. Proceeds—For investment. Underwriter—American Furniture Co., Denver, Colo.

**American Mutual Investment Co., Inc.**

**American Telephone Service Inc.**

**Big Bromley, Inc., Manchester, VT**
Jan. 9, filed 5,000 shares of common stock, $300,000 of 5% debentures due April 1, 1979, and $1,090,000 of 6% notes due April 1, 1960, the common stock and debentures to be offered in units of $250 of debentures and five $100 notes, at par. Proceeds—For general corporate purposes. Underwriter—None. Statement effective Jan. 19.

**Blossman Hydratone Gas, Inc. (2/16-20)**

**B. M. D. Cooperative, Inc.**

**Bolton Brooks, Inc., Cleveland, Ohio (2/3-4)**

**Boston Garden-Arena Corp.**

**Bowman Instrument Corp.**

**Bridgeman Road Race Corp.**
Oct. 23, (letter of notification) 15,000 shares of common stock (par $1). Proceeds—To the holders of record Nov. 1, 1958 on the basis of new common stock to be issued by the company. Some of the shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $500 of claimed debt, rights to expire about two weeks after mailing of offer. Price—$4 7/8 per share. Proceeds—To pay current creditors. Address—P. O. Box 1479, Bridgman, L. I., N. Y. Underwriter—None. Offering—Has been delayed.

**Brooks Investment Corp.**

**Carnagey Co., Inc.**
Nov. 19, (letter of notification) 200,000 shares of common stock (par $1) to be offered for sale in units of one share. Proceeds—For general corporate purposes. Underwriter—Berry & Co., New York. Underwriter—None.

**Cenex of Arizona, Inc.**

**Central Illinois Electric & Gas Co. (2/19)**
Jan. 21, filed 145,940 shares of common stock, to be offered to the holders of record at the close of business on Jan. 1, 1959, at a price of one share for each 10 shares held; rights to expire on or about March 5, 1959. Price—$5 per share. Proceeds—For expansion and working capital. Office—110 East Main St., Decatur, Ill. Underwriter—None. Statement effective Jan. 19.

**Central Markets Co.**

**City Lands, Inc., New York**
February 2 (Monday)
Armstrong Uralno Oil Co. Inc.—Common (Offering by underwriters—underwritten by Morgan Stanley & Co. and First Boston Corp.; $100,000,000)

February 4 (Wednesday)
Denver & Rio Grande Western RR. (Offering to stockholders—underwritten by Barrie & Co.)

February 6 (Friday)
Connecticut Light & Power Co. (Offering to stockholders—underwritten by Morgan Stanley & Co. and First Boston Corp.; $75,000,000)

February 9 (Monday)
Investors Research Corp. (Sale of common stock and warrants—par $5 each) (Offering by brokerage firm; $4,501,250)

February 12 (Thursday)
Union Carbide Corp. (Offering by underwriters—Common, $100,000,000 and Preferred, 300,000 shares of par $50 preferred stock, $15,000,000)

February 16 (Monday)
Blossman Hydrate Inc. (Debentures & Preferred & 13,650,000 shares of par $10 preferred stock, $25,000,000)

February 17 (Tuesday)
Public Service Co. of New Mexico—Bonds (Closing date 10:30 a.m. CST) $15,000,000

United Control Corp.—Common (Offering by underwriters; $200,000,000)

February 18 (Wednesday)
Southern Pacific Co.—Equity Trust Coils (Offering by underwriters—$75,000,000)

TV Junior Publications Inc. —Com., Warrants & Preferred (Offering by underwriters—$25,000,000)

February 19 (Thursday)
Borden Corp.—Common

Central Illinois Electric Co.—Bonds

February 25 (Wednesday)
Illinois Bell Telephone Co.—Bonds (Offering to be sold to underwriters by Shear & Webster; $50,000,000)

March 4 (Wednesday)
Eastern Utilities Associates (Offering to stockholders—Closing date 11 a.m. EST) 6%, 7675 shares of common stock

March 8 (Thursday)
California Electric Power Co.—Common

Mongoabana Mines Co.—Bonds (Bonds to be issued) $15,000,000

April 1 (Thursday)
Gulf Power Co.—Bonds (Bonds to be issued) $7,000,000

April 5 (Tuesday)
Wisconsin Power & Light Co.—Bonds (Bonds to be issued) $14,000,000

April 20 (Thursday)
Alabama Power Co.—Bonds (Bonds to be issued) $20,000,000

May 28 (Thursday)
Southern Electric Generating Co.—Bonds (Offering by underwriters—$25,000,000)

June 2 (Tuesday)
Virginia Electric & Power Co.—Common

Mississippi Power Co.—Bonds

June 25 (Thursday)
Georgia Power Co.—Bonds (Bonds to be issued) $15,000,000

Monte Carlo, Inc.—Debentures & Preferred

Postponed Financing

Montana Power Co.—Bonds

Pennsylvania Power Co.—Bonds

(continued on page 56)
Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% sinking fund subsidiary debentures in principal of $1,000,000 shares of common stock. To be offered in units of $100 principal amount of debentures; 100 shares of common stock per unit. Proceeds—for purchase and development of subdivision, including shopping area, public utility facilities; for financing expansion program and for liquidation of bank loans and notes. Filed prospectus, New York, N. Y., Underwriter—None. (Fl.

Florida Glass Corp.
Jan. 3 filed 1,500,000 shares of common stock (par $5). Price—$5.50 per share. Proceeds—to acquire funds for construction of new plant. Filed prospectus, St. Louis, Mo., Underwriter—None. (Fl.

Foundation Investment Corp., Atlanta, Ga.
Jan. 24 filed 15,333 shares of common stock (par $25). Price—$25 per share. Proceeds—to pay notes. Filed prospectus, Atlanta, Ga., Underwriter—None. (Fl.

Gas Light Co. of Columbus
Dec. 30 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders. Proceeds—to pay notes. Filed prospectus, Columbus, Ohio, Underwriter—None. (Fl.

Georgia Alloys Co.
Nov. 17 (letter of notification) 45,250 shares of common stock (par $1) of which 16,000 shares are reserved for officers. Price—At market. Filed prospectus, Atlanta, Ga., Underwriter—None. (Fl.

General Film Corp., New York

Insurance Co. (jointly): Kuhn, Loeb & Co.; Lehman Brothers, Inc. (Fl.

General Motors Acceptance Corp.
Jan. 1, 1958 filed $2,150,000,000 of common shares of capital stock, of which 120,000,000 of common shares of capital stock, all of which is to be offered for subscription by stockholders. Proceeds—to pay notes. Filed prospectus, New York, N. Y., Underwriter—Albion Securities Co., Suite 1012, 150 East 42nd Street, New York, N. Y., Underwriter—None. (Fl.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par $1). Proceeds—to the American Stock Exchange, Proceeds—to selling stockholders. Filed prospectus, Wilmington, Del., Underwriter—None. (Fl.

Hilton Credit Corp., Beverly Hills, Calif.
Dec. 11 filed 15,000 shares of common stock (par $1) being offered for subscription by common stockholders of record Jan. 15 of Hilton Hotels Corp. at the rate of $10 per share of Hilton Credit stock for each two shares of Hilton Hotels stock; rights to expire on Feb. 2. Price—$10 per share. Proceeds—together with bank loans will comprise the operating funds of Hilton Credit and will be used for general corporate purposes and financing the acquisition of various real estate projects from Hilton Hotels and other establishements who may agree to enter into a joint venture. Underwriter—Carl M. Loeb, Rhoades & Co., New York, N. Y. (Fl.

Hinsdale Raceway, Inc., Hinsdale, Ill.
Dec. 21 filed 15,000 shares of common stock (par $5) of which 1,000 shares were reserved for officers. Price—$5 per share. Proceeds—Together with bank loans will be used for the construction of turf racetrack, which will be added to working capital and to complete the current portions of construction costs. Filed prospectus, New York, N. Y., Underwriter—None. (Fl.

Hoagland & Dodge Drilling Co., Inc.
June 12 filed 27,000 shares of capital stock. Price—$15 per share. Proceeds—to be used in part for the exploration of mines and development and operation of existing mines. Filed prospectus, Philadelphia, Pa., Underwriter—None. (Fl.

Holiday Inns of America, Inc.
Dec. 31 filed 3,500,000 shares of common stock to be offered for subscription by common stockholders other than holding shares in the 3,500,000 shares of common stock of the company on the basis of one share of common stock (par $1) for each 10 shares of common stock held on the record date. Proceeds—to operate additional inns in the chain. Filed prospectus, Nashville, Tenn., Underwriter—None. (Fl.

Home Owners Life Insurance Co.
Dec. 19 filed 130,840 shares of common stock (par $1) on the basis of one share of common stock for each share of preferred stock. Price—To be supplied by amendment. Proceeds—in additional working capital and to complete the current portions of construction costs. Filed prospectus, Nashville, Tenn., Underwriter—None. (Fl.

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Dec. 19 filed 130,840 shares of common stock (par $1) on the basis of one share of common stock for each share of preferred stock. Price—To be supplied by amendment. Proceeds—in additional working capital and to complete the current portions of construction costs. Filed prospectus, Nashville, Tenn., Underwriter—None. (Fl.

Home-State Production Co., Tulsa, Okla.
Nov. 5 filed 116,061 shares of common stock (par $5) of which 20,000 shares will be offered for subscription by officers, directors and general corporate purposes. Price—$2.50 per share. Proceeds—to be used for working capital. Filed prospectus, Tulsa, Okla., Underwriter—None. (Fl.

I. C. P. Israel Citrus Plantations Ltd.
Dec. 2 filed 750,000 shares of common stock. Price—$1 per share. Proceeds—to be used for new packing houses, purchase of citrus groves and for the planting of new groves. Filed prospectus, Tel Aviv, Israel, Underwriter—Stone & Company.

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 a deposit of silica; to acquire capital stock of General Underwriters—Barnett & Co. and Carr-Riggin & Co., for which purpose the company held notes which were acquired at par, on a best efforts basis. Statement effective Nov. 18. (Fl.

International Bank, Washington, D. C.
Dec. 29 filed 5,000,000 of notes (series B, $500,000, two-year term; series C, $1,500,000, 3% per year; and series D, $3,500,000, 6-year, 5% per year), Price—$100 of principal amount. Proceeds—for working capital. Filed prospectus, John F. Lane, Co., Washington, D. C. (Fl.

Investment Corp. of Florida
Oct. 28 filed 2,958,000 shares of common stock (par two cents). Price—$4.50 per share. Proceeds—for capital account and paid-in surplus. Filed prospectus, Central Federal Building, 1730 E. Sunrise Boulevard, Ft. Lauderdale, Fla., Underwriter—None. (Fl.

Investors Research Fund, Inc.
Dec. 9 filed 490,940 shares of common stock, Price—$1 per share. Proceeds—for investment. Filed prospectus, 822 Lava
ta St., Santa Barbara, Calif. Investment Adviser—Fall Con

Israel (The State of)
Jan. 8 filed $300,000,000 of second development bonds, part of the $3,000,000,000 series of debt. Bonds will be issued in five series maturingserially from March 1, 1974 to March 1, 1984. Interest begins on March 1 (from first day of the month in which issued). Proceeds—to 100% of principal amount. Proceeds—for construction of infrastructural projects in Israel, 215 Fourth Ave., New York City. Filed prospectus, New York, N. Y., Underwriter—None. (Fl.

Jet-Aer Corp., Paterson, N. J. (2/3-4)

Kimberly-Clark Corp.
Dec. 28 filed 2,000,000 shares of common stock (par $5) to be offered in exchange for common stock of the American Envelope Co. of West Carrollton, Ohio, on the basis of 1 share of Kimberly stock for each share of American. The offer will expire on Feb. 27. Proceeds—and profits are contingent on acceptance by all of the stockholders. (Fl.

Kirkham-Reed International Corp.
Jan. 15 filed 1,000,000 shares of common stock. Price—At par ($1 per share). Proceeds—to acquire machinery and equipment and additional space for test laboratories; and for working capital. Filed prospectus, 814 Market St., Wilsahire Boulevard, Los Angeles, Calif., Underwriter—None. (Fl.

Legal Exploration Co., Inc., Arnett, Okla.
Dec. 25 filed 400,000 shares of common stock. Price—$2 per share. Proceeds—to be used for equipment and exploration purposes. Underwriter—None. (Fl.

LEL, Inc.
Jan. 14 (letter of notification) 1,000,000 shares of common stock (par $20 per share). Price—$2 per share. Proceeds—to retire loans and notes and for working capital. Proceeds—to be used for equipment and exploration purposes. Filed prospectus, New York, N. Y., Underwriter—None. (Fl.

Life Insurance Securities Corp.
March 26, 1958 filed 1,000,000 shares of capital stock (par $1) of which 150,000 shares will be acquired at the control of "young, aggressive and expanding life and health insurance companies" in order to be later sold to these companies as subsidiaries. Underwriter—First State Corp., Portland, Me. (Fl.

Linch Co., Jan. 27 filed 335,000 shares of common stock, to be offered in exchange for common stock of Altec Companies, Inc., on the basis of one share of Ling stock for one share of Altec stock. The offer is subject to approval of the Altec Company stockholders in at least 80% of the outstanding Altec stock. Filed prospectus, Chicago, Ill., Underwriter—None. (Fl.

Lincoln Drug Co.
Oct. 3 filed 50,000 shares of capital stock (no par) being offered for subscription by holders of outstanding stock of the company; the proceeds will be used for a new plant. Proceeds—to pay off notes for each share held; rights to expire on Jan. 30. Price—$1 per share. Proceeds—to be used for expansion and for the acquisition of properties under option and for various geological expenses, testing drilling, and other similar pur
Naylor Engineering & Research Corp.  

Nedow Oil Tool Co.  

Nelly Don, Inc. (2-26)  
Jan. 9 filed 32,000 outstanding common stock (par 50 cents). Price—To selling stockholders. Underwriter—F. D. G. 200, E. 20th St., Kansas City, Mo.  


Northwest National Bank, St. Louis  

Oil Ridge Corp.  
Sept. 4 (letter of notification) 100,000 shares of common stock (par $.01). Proceeds—For working capital. Underwriter—Calvert & Co., New York, N. Y.

Mid-America Minerals, Inc.  

Military Publishing Institute, Inc. (2-9-13)  

Midland Oil & Gas Co.  

Mississippi Chemical Corp., Yazoo City, Miss.  
Dec. 24 filed 10,000,000 shares of common stock (par $.01) and 8,000 shares of special common stock (par $75). Price—$1 per share. Proceeds—For construction program, to purchase common stock, $131.23 per share. Proceeds—For construction program, to purchase shares of Coastal Chemical Corp. Proceeds will be added to surplus. Underwriter—None.

Mobile Oil Corp.  
Dec. 30 filed 33,000 shares of common stock (par $.05) being offered for subscription by stockholders at the rate of $5 per share. Underwriter—Paul J. Ley, New York. Underwriter—None.

Mississippi Chemical Corp., Yazoo City, Miss.  
Dec. 19 filed 20,000,000 shares of common stock (par $.01). Proceeds—To reduce short-term bank loans incurred for the extension and improvement of gas distribution system. Underwriter—None. Proceeds—To purchase Parke, Davis & Co., and The Robinson-Humphrey Co., Inc., Atlanta, Ga.

Montana First National Bank  
July 1 filed $200,000 of first mortgage bonds due 1988. Proceeds—Together with other funds, to be used to repay $150,000 of bonds issued by the company's construction program through 1939. Underwriter—None.  

Pacific Power & Light Co. (3-3)  
Jan. 27 filed 207,000 shares of common stock, which the company proposes to offer to stockholders of record March 3, 1959 at the rate of one new share for each 10 shares at a price of $2 per share. Proceeds—For construction program. Underwriters—To be named. Underwriters—None.

Pennsylvania Power Co.  

Phelps Dodge Corp., New York  
Dec. 17 filed 250,941 shares of common stock (no par) being offered by the company for subscription by its common stockholders for the purpose of refunding one new share for each 20 shares then held; rights to subscribe to purchase additional shares to be given a continuation of subscription privilege. Price—$50 per share. Proceeds—To be added to the general funds of the company and underwritten by White, Weld & Co. The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

Pilgrim Helicopter Services, Inc.  
Jan. 9 (letter of notification) 12,000 shares of common stock (par $.10) being offered for subscription by stockholders. Proceeds—For working capital. Underwriter—Investment-Bldg, Washington, D. C. Underwriter—None.

Pioneer Trading Corp., Bayonne, N. J.  
Nov. 10 filed 10,000 shares of $8 cumulative preferred stock, series B (letter of notification). Proceeds—$1,000,000 of 8% subordin¬ated debentures, series D, due Dec. 1, 1988 to be offered in $1,000 denomination and five shares of preferred stock. Price—$100 per unit. Proceeds—For general corporate purposes. Underwriter—None.

Ransco Financial Corp.  

Reynolds Metals Co. (2-11)  

Remo Corp., Orlando, Fla.  

Richwell Petroleum Ltd., Alberta, Canada  

Rochester Gas & Electric Corp. (2-6)  
Jan. 27 filed 20,000,000 shares of common stock, which the company proposes to offer to stockholders for the purpose of refunding one new share for each three shares held; rights to subscribe to purchase additional shares to be given a continuation of subscription privilege. Price—$50 per share. Proceeds—To be added to the general funds of the company and underwritten by White, Weld & Co. The First Boston Corp., New York, and Drexel & Co., Philadelphia, Pa.

Ruth Robbins Investment Corp.  
Price—Of deuterium, 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 750,000 shares of common stock (par 25¢). Price at par, $150,000. Shares to be sold to stockholders at the rate of one new share for each four shares held as of the close of business on Dec. 28. Proceeds—To be used for expansion of plant and working capital. Office—South St. Paul, Minn. Underwriter—None.

San Diego Imperial Corp., San Diego, Calif.
Dec. 9 filed 845,000 shares of common stock, to be offered at par. Proceeds—For additional working capital. Office—San Diego, Calif. Underwriter—None.


Seiberling Rubber Co.
Dec. 23 filed 106,841 shares of common stock (par $1) being offered to common stockholders on the basis of one new share for each four shares held as of Dec. 18, 1960. Offer expires on Feb. 4. Price—$14 per share. Proceeds—To be used for general corporate purposes. Office—Cleveland, Ohio. Underwriter—Cleveland, Ohio. Underwriter—None.

Preferred Stock Inco.
Jan. 15 filed 5,035,000 shares of preferred stock (par $100) to be issued to stockholders upon exercise of warrants held by them. Proceeds—To be used for the growth of the company. Office—Cleveland, Ohio. Underwriter—Equitable Securities Corp., New York.

Standard Health & Accident Insurance Co.
July 9 (letter of notification) 500,000 shares of common stock, par $50. Proceeds—To be used for the growth of the company. Office—Bloomington, Ill. Underwriter—Equitable Securities Corp., New York.

Sheridan-Belmont Corp.
Aug. 15 (letter of notification) 250,000 of 6% convertible debentures, $1,000 each. Proceeds—To be used for the purchase of stock by stockholders on a pro rata basis. Price—At par. Proceeds—To be used for general corporate purposes. Office—Cincinnati, Ohio. Underwriter—Reed, Eastman Dillon, Union Securities & Co., New York.

Sire Plan of Elmwood, Inc., New York (2/16)
Nov. 15 filed 3,000,000 shares of common stock. Proceeds—To be used for the purchase of stock by stockholders on a pro rata basis. Price—At par. Proceeds—To be used for general corporate purposes. Office—New York, N. Y. Underwriter—None.

Slick Oil Corp., Houston, Tex.
Dec. 8 filed $1,500,000 of participating interests in the commission on the production of oil. Proceeds—To be used to acquire an additional 200,000 shares of common stock. Price—$25 per share. Proceeds—To be used for general corporate purposes. Office—Houston, Tex. Underwriter—None.

Union Bag &amp; Sanitary Corp.
Jan. 8 filed 25,000 shares of common stock (par $6 6/6ths) to the existing stockholders for subscription. Proceeds—To be used to expand the company's operations. Office—Newark, N. J. Underwriter—None.

United Management Corp.
Jan. 14 filed 1,000,000 shares of common stock (par $5). Proceeds—To be used for the purchase of stock by stockholders on a pro rata basis. Price—At par. Proceeds—To be used for general corporate purposes. Office—New York, N. Y. Underwriter—None.

United States Phone Co.
Jan. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the growth of the company. Office—New York, N. Y. Underwriter—None.

United States Telephone Co.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures, due Jan. 1, 1969. Proceeds—To be used for general corporate purposes. Office—Philadelphia, Pa. Underwriter—None.

United States Steel Corp., New York.
Jan. 16 (letter of notification) 139,000 shares of common stock (par $50) to be sold to the public at 50, proceeds $6,950,000 for working capital. Underwriter—None.

Universal Oil Products, Inc.
Jan. 13 filed 2,000,000 shares of common stock. Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—None.

United States Pipe &amp; Foundry Co.
Jan. 15 filed 7,000,000 shares of common stock, par $1. Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—None.

Universal Business Acceptance Corp.
Jan. 13 filed 1,000,000 shares of preferred stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—None.

Utah Minerals Co.
Apr. 30 filed 1,000,000 shares of common stock. Proceeds—To be used for the expansion of the company. Office—Salt Lake City, Utah. Underwriter—None.

Utah Oil Co., Inc.

Utica Bank &amp; Trust Co., Inc., Utica, N. Y.
Dec. 21 filed 10,000,000 shares of common stock, par $1. Proceeds—To be used for the expansion of the company. Office—Utica, N. Y. Underwriter—Michael A. Ross, Utica, N. Y. Underwriter—None.

The William Hilton Trust Co., New York, N. Y.
June 6 (letter of notification) 100,000 shares of common stock. Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wenwood Organizing, Inc.

Western Electric Co., Inc.
Nov. 15 filed 1,000,000 shares of common stock, par $1. Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—None.

The William Hilton Trust Co., New York, N. Y.
June 6 (letter of notification) 100,000 shares of common stock. Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wrestling Co., Inc.
Dec. 9 filed 2,000,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.

Wyoming National Bank of Cheyenne, Cheyenne, Wyo.
Oct. 27 filed 150,000 shares of common stock (par $1). Proceeds—To be used for the expansion of the company. Office—Tulsa, Okla. Underwriter—Walter Sondrup &amp; Co., Salt Lake City, Utah. Underwriter—None.
Bids—repay

American Natural Gas Co.

Dec. 15 it was announced that the company has filed an application for a certificate authorizing the additional flotation of $30,000,000 of common stock (par $25) in the early part of 1989. Previously, the company has held a limited offer to stockholders under rights on one new share for each five shares held; rights to expire on Feb. 4. Price—In excess of $20 per share. Proceeds—To increase capital and surplus. Underwriters—Bear, Brimmer & Co., Inc. and Salomon Brothers & Co. (jointly); White, Weld & Co.; Smith, Barney, & Co.

Gulf Power Co. (4/2)

Dec. 10 it was announced that the company plans to issue $50,000,000 of 30-year mortgage bonds. Proceeds—To be used for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith; and Smith, Barney, & Co.

Great Atlantic & Pacific Tea Co., Inc.

Dec. 15 the new common voting stock outstanding following 10-for-1 split was listed on the New York Stock Exchange, bringing to 151 million the number of shares outstanding. Underwriters—May include: Blyth & Co., Inc.; Kidder, Peabody & Co., Inc.; Blyth, Easton, Dillion, Smith, Barney, & Co.; and Smith, Barney, & Co.

Monongahela Power Co. (3/31)

Dec. 15 it was announced that the company plans to issue $100,000,000 of first mortgage bonds. Proceeds—To be used for new facilities and for expansion. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Eastman Dillon, Union Securities & Co.; and Lehmans Brothers & Co. (jointly); Leblanc, Halsey & Co., Inc. and Loeb, Rhoades & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and Blyth & Co., Inc. (jointly); and Merrill Lynch, Pierce, Fenner & Smith. Bids—Expected to be received on March 31.

National State Bank, Newark, N. J.

Nov. 20, James D. Edgett, President, announced company plans early in 1989 to make a public offering of its stock, and has applied to the Interstate Commerce Commission for such approval. Underwriter—Clarks, Dodge & New York.

North American Equitable Life Assurance Co.

Dec. 15 it was announced that the company plans an offering of 125,000 shares of common stock at $30 per share. Proceeds—To increase capital and surplus. Underwriter—John M. Talt, Associates, Cincinnati, Ohio.

Northern Illinois Gas Co.

Dec. 15 it was reported that the company will sell 125,000 shares of common stock at $30 per share. Proceeds—To increase capital and surplus. Underwriter—Northern Illinois Gas Co. (6/25)

Northern Indiana Public Service Co.

Dec. 15 it was announced that the company plans a sale of from $50,000,000 to $70,000,000 of common stock at $28 per share. Proceeds—To increase capital and surplus. Underwriter—Equitable Securities Corp.; Lehman Brothers & Co., Inc. and Drexel, Burnham, Lambert & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; White, Weld & Co., Inc.; and Halsey, Stuart & Co., Inc.

Northern States Power Co. (Minn.)

Dec. 3, Allen S. King, President, announced that the company plans to offer 50,000 shares of new 6% debentures. Price—In the $90's. Proceeds—To retire bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Equitable Securities Corp.; Lehman Brothers & Co., Inc.; and The First Boston Corp. (jointly); Blyth, Easton, Dillion, Smith, Barney, & Co.; and Loeb, Rhoades & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith & Co., and Kuhn, Loeb & Co. (jointly); and Drexel, Burnham, Lambert & Co. and Dime & Co., Inc. and Kuhn, Loeb & Co. (jointly).

Our River Electric Co., Luxemburg

Dec. 22 it was reported that the company plans to offer 100,000 shares of common stock at $22 per share. Proceeds—The First Boston Corp. and Kuhn, Loeb & Co., both of New York.

Public Service National Bank of San Francisco

Jan. 14 the bank offered 74,511 additional share of new 5% preferred stock at $100 per share. Price—$96 per share. Proceeds—To be used for capital expansion. Underwriter—Bear, Blyth & Co., Inc., Swothworth & Co., both of San Francisco, Calif.

Pennsylvania Public Service Co.

Dec. 14 it was reported that the company is planning the sale of about $17,000,000 of first mortgage bonds. Underwriter—May be Allen & Co., New York.


Jan. 17 the bank reported that the right to subscribe for an additional 40,000 shares of capital stock (par $10) on the basis of one new share for each 5% share held; rights to expire on Feb. 4, 1959. Price—$58 per share. Proceeds—To increase capital.
Continued from page 59


Ryder System, Inc. Jan. 12 it was reported that the company plans the issuance of $60,000,000 of common stock. The offer, to be distributed by competitive bidding, will be offered to institutions and the general public. Underwriter — The First Boston Corp., New York. Proceeds: For acquisitions. Underwriter — Dillion, Read & Co., Inc., New York. Proceeds: Expected to be received on May 1.

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: To be used to acquire power to be generated by the company's Southern Electric Generating Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly). Registration — Planned for May 1. Proceeds: Expected to be received on May 1.

Southern Pacific Co. (2/18) Bids are expected to be received by the company at Room 2117, 1250 Post Street, San Francisco (EST) on Feb. 15 for the purchase from it of it $75,000,000 of equipment trust certificates, Probable bidders: Halberstam & Co., New York; Merrill Lynch & Co., New York; Kidder, Peabody & Co., New York; Duff & Paine, Inc., New York.

* Southern Electric Generating Co. Jan. 26 it was reported that this company (formerly Southern Electric Co.) plans the sale of $19,000,000 of first mortgage bonds. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman Dillon, Union Securities, Inc. Proceeds: To be received by the company for the purpose of purchasing the company's electric properties. Bids were expected to be received by the company on March 1. Proceeds: Proceeds — To be received by the company for the purpose of purchasing the company's electric properties. Proceeds: Expected to be received in April or May.

Our Reporter on Governments

BY JOHN T. CHIPPELDALE, JR.

The new 4% bond due Feb. 13, 1959, although not as large as had been expected by some bond buyers, was not too large to be a short while unless some bond buyers were not to be found a demand, not too large, with the $1,000,000,000 amount which is still under the issue price of 99. There is no question but what the bond will appeal to certain institutional investors, and one reason may be the possibility of making a purchase because, in comparison with corporations and tax free bonds, the return on the Government issue is attractive. The bond for the most liquid governments is still sizable, but evidently not as large as it was expected to be. Some of these new issues are now being sold at a discount.

The terms of the February refunding are expected shortly and a refunding deal, which will be of interest to the owners of the maturing issues, is looked for in the money market. These may be expected to be of very little consequence. One on the other hand, the situation could be sizable since many of the bond buyers who entered the February issues have already done so.

Package Refunding Offer Likely.

The market for Government issues continues to be on the defensive until the demand has been made large enough to not likely be lifted to any extent until March. There is no good reason for the refunding offer having been made as a matter of opinion. Whether there will be greater or lesser Government issues this year will depend upon the demand for bonds and the manner that indicates the Treasury to take care of the February maturities. It would be expected that the amount of the package refunding deal will be a short one if it is likely to be used to meet the needs of the company's growth. The securities that are owned as and approximated by the companies will have to be replaced and probably they will be replaced in a manner which will require the Federal Reserve Banks would not be likely to do a maturity of one year, give or take a month.

It is also possible that some of the holders of the February maturities. Aside from the Central Banks, will also be interested in making a switch to the shortest term issue that will be offered, either on securities that would be offered on a short-term one, or 4% of 1965 May Be Refunded.

What the rest of the refunding package will consist of is unknown. It is expected that there will be no action if the Treasury can be made to fill any more of the nearly section of the market for the other or securities that may be offered as part of the Federal funds and utilities. It is considered to be a limitation of the Treasury in providing to all of the securities at the Treasury will be left out of the bond issue.

Higher Discount Rate Indicated.

There is no question about what the market will continue to be on the spot for more than some time. It has been a bond dealers' idea about spending in Washington, under the Treasury.
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.
Mutual Funds
by Robert R. Rich

Tax-Exempt Bond Fund Bills Re-Introduced
The National Committee for Municipal Bonds, Inc., 161 East 42nd Street, New York City, reports that Representative A. S. Herlong, Jr., Democrat of Florida, and Representative Thomas E. Curtis, Republican of Missouri, are re-introducing bills H.R. 2540 and H.R. 2541.

Herlong-Curtis bill is designed to attract investment companies to purchase state, revenue and municipal bonds. At the present time, tax-exempt bonds do not appeal to the investment companies because under existing law, interest and profits from such securities cannot be passed on to shareholders on a tax-free basis.

The pending legislation would permit the investment companies to pass the tax-exempt interest through to their shareholders without the loss of the exemption. The proponents of these bills provided an incentive for all investment companies to put a part of their funds into tax-exempt bonds.

The argument for the passage of this bill by Congress is that it will broaden the market for the constantly increasing bond issue requirements of state and local governments, and, as a result, serve to lower the interest charge on such financing. Additionally, the Congressional sponsors aver, the legislation would occasion a slight loss of revenue to the Treasury since the bonds, as presently sold, are not subject to taxation as regards interest payments.

These present bills should not be confused with the past bills since there were two versions, the narrow bill which would have made it necessary for new mutual funds to be created in order to fulfill the requirement of having their portfolio 96% invested in tax-exempt issues, and the broad bill which placed no restriction on the amount of portfolio investment that would be classified as the broad type and would be much more productive in adding the municipal bond market.

For the future, when the current legislation is enacted, there are several tax-exempt bond funds on the launching pad which will be placed in orbit, as well as many balanced funds which are re-introducing investment policy to include municipal securities.

Group's Assets Up 65% in Past Year
Group Securities, Inc., 23-year-old Mutual Fund, ended 1958 with assets of $128,469,959, an all-time high, and an increase for the year of 65%, according to Herbert I. Anderson, President.

Mr. Anderson attributed the increased capital to both appreciation of the fund's investments, as well as institutional and individual in-
vester purchases during the year of more than $41,000,000—substantially above the $14,149,000 for 1957. Included in these sales figures are conversions from one fund to another of $7,089,000 and $1,400,000 in the two years.

Shareholder accounts dec. 31, 1958 were $7,750, an increase of 56% from Dec. 31, 1957.

Long-term gain on investments totaling $11,761,363, or about $1.70 per common share, was reported by Tri-Continental Corporation in its annual report, which was reviewed. This reveals that the fund's total net asset of the largest Group Fund, the Common Stock Fund, grew 103% in the year to $55,779,000.

Tri-Continental's Assets Climb to New High Level
Investment assets of Tri-Continental Corporation, the nation's largest diversified closed-end investment company, rose to record $80,034,570 at Dec. 31, 1958, from $60,415,614 12 months earlier, it was announced by Francis F. Randolph, Chairman, in the 29th annual report to stockholders. The market value of investments increased by $80,415,614, the largest in any single year in Tri-Continental's history, the Chairman noted. Excluding warrants was offset sharply from the previous year and not a significant factor in the gain in assets, as has been the case in some years.

Assets per common share, assuming the exercise of all warrants, increased sharply in 1958 to a new all-time high of $43.22 at the start of the year, Mr. Randolph reported. In terms of shares outstanding, assets were equal to $153.40 per share, compared with $119.40 in 1957.

A record $7,000,000 in 1957, will be paid to the shareholders, the report states. They will be entitled to write up the tax cost basis of their shares by $1.27% per share. Net unrealized appreciation of investments, according to the report, amounted to $182,58—up at the year-end, or $76,299,397 more than at the start of the year.

By comparison, the fund's earnings amounted to $7,000,000 in 1957, and were $3,773,334 in 1958, up $3,273,334. Earnings per common share increased to $11.90 from $6.60.

With respect to Tri-Continental's investment policy, Mr. Randolph brought out that "in general, with the swing in the economy from recession to recovery, there was in 1958, investments in common stocks were increased and holdings of fixed-income securities were reduced. As a consequence of this shift and higher common stock prices, portfolio common stocks had increased to 60.4% of investments at the year-end, up from 57.5% of 1957's 12 months earlier. Consolidating the holdings of Tri-Continental Financial, which continued to include a substantial number of tax-exempt securities, the proportion of common stocks stood at 62.5%, as compared with 40.4% a year earlier."

Public utilities, at 19.0% of investment assets, represented Tri-Continental's largest group of common stock holdings at the year-end. Oil stocks, at 12.5%, were second, followed by steels, 8.3%; electrical and electronics, 7.6% and chemicals, 4.9%.

Tri-Continental holds ten largest common stock holdings at the end of 1958 made up 23% of investment assets. Minneapole-Honeywell; Florida Power was bought "in large part," Tri-Continental Financial, which continued to include a substantial number of tax-exempt securities, the proportion of common stocks stood at 62.5%, as compared with 40.4% a year earlier."

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Mr. Coleman said, 42¢ per share, was paid in dividends during the year.

Mr. Coleman also points out in the fund's first annual report: "While, for the most part, the companies in which the fund invests pay out as dividends a relatively large part of their current earnings, a company need not be classified as a "growth" company to have the prospect of growth with the country's over-all economy — both in business volume and earning power. "No one can predict future dividends," Mr. Coleman continued. "But it is this opportunity for improvement which provides incentive to the investor in his choice of a sound investment, as distinct from one providing fixed return."
WASHINGTON, D. C.—Dramatic things are occurring in the space and missile age. Within the next few years the experts are confident that man will be hurling itself into space on routine to the moon.

Here in the Nation's Capital one hears frequent talk about the fast growing missile industry. Perhaps it will continue its spectacular growth for several years. The 1960 fiscal year has a budget of nearly $4,000,000,000, which would be the greatest amount of research spending the United States has ever had in peacetime.

The proposal calls for major increases for exploration into outer space and military application of the things that are being built for missiles alone will increase from $2,500,000,000 to $3,200,000,000 in 1960. At the same time, under the proposal before Congress, 1960 fiscal Expenditures for aircraft would drop from 86,000,000,000 during the 1959 fiscal year to $62,000,000,000. This seems to be the pattern for the future.

Actually, the missile, rocket and satellite programs, plus research, would come to a total more than $7,000,000,000 a year in the near future expenditures. Some of the scientists and engineers and the military predict that there is no substitute for a more drop in the bucket as compared to the military.

There appears to be no doubt that the missiles industry is going strong, in line with the gross national product of this country. The missile program has placed four satellites into orbit, and has gained some extremely valuable information for the future and greater achievements that will come with time.

**Rapid Growth Rate**

The rapid growth of the industry is bound to have an effect on the balance of spending by the military departments. In 1959, when near $800,000,000 was earmarked. The subsequent spending by the following fiscal years 1958, $1,331,000,000; 1958, $1,781,000,000; 1959, $1,563,000,000, and 1960, $2,500,000,000. This figure has been approved by the cabinet, and in many instances have been submitted to the United States in the last stage of the development.

Senator Frank J. Lanche, Democrat of Ohio, who can speak, says reports from behind the Iron Curtain, and from another source, is that Britain has ready a total of 150 intermediate missiles of which armed with an atomic warhead, ready to be aimed at as many as 600 Soviet targets.

The former longtime governor of Wisconsin is making talks advocating that the United States get back into the business of quickly powerful anti-missile program. Indeed, it is pretty obvious that neither the United States nor Russia will stand still.

Many company officials or representatives have been making trips to the Redstone Arsenal at Huntsville, Ala., trying to work out on the big develop or produce for the growing industry. However, the officials there tell them to contact the aircraft companies on the West Coast or the Pentagon. Some of the representatives have been disappointed for the lack of business or the prospect of business. Nevertheless, there are several hundred companies in this country that have something to do with missiles or will have in the months and years ahead.

New Science Committee

The House of Representatives has a new major standing committee called the House Science and Aeronautics Committee. This committee appears destined to figure prominently in the news. It has over 200 members from all the world, as well as the United States House Committee on science and space activities of the U. S. should be conducted to include material to several things. These include the expansion of human knowledge of phenomena in the atmosphere, and space, the improvement of performance, speed, safety and efficiency of aeronautical and space vehicles.

As the race—economics and military—speed on between the two powers of the World, an old question in a new age has been raised with great emphasis: Just think what it would mean if most or two-thirds of the $4,000,000,000 for national security, the President has proposed, could be used for the American people in the way of tax reductions, medical research, and a hundred and one other things?

The government that Russia declares is that Russia is ready to do the same, and that Russia and the United States have many, many thousands of mutual interests.

The 1958 Act

The National Aeronautics and Space Act of 1958 bashed the way for the House Science and Aeronautics Committees. Under the law the government and space activities of the U.S. should be conducted to include material to several things. These include the expansion of human knowledge of phenomena in the atmosphere, and space, the improvement of performance, speed, safety and efficiency of aeronautical and space vehicles.

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**Bache Adds to Staff**

(Special to the Washington Chronicle)

KANSAS CITY, Mo.—Russell L. Bache has been appointed to the staff of Bache & Co., 1000 Baltimore Avenue.

With Reynolds & Co. LANCASTER, Pa.—Charles J. Martin has been appointed sales manager of the local office of Reynolds & Co., 61 North Duke St.

**TREASURY FIRMLY Against Any Rise in the Price of Gold**

The Treasury Department, on Jan. 19, announced as follows:

"The fact that bills proposing a change in the price of gold may be introduced by individual members of Congress should not be interpreted as meaning that action will be taken. The last section of the Currency is, some 20,000 bills were introduced and only about 100 were acted into law.

"The Treasury's position today is exactly the same as given by Treasury Secretary Andrew W. Mellon last December when he stated that the United States Government firmly adheres to the position that the price of gold in U. S. dollars should remain unchanged. This assured interchangeability of gold and dollars at $33 per ounce for the exportation of international accounts is a basic element of the strength in the international financial structure."