EDITORIAL
As We See It

"Despite the ballyhoo that accompanied recent announcement (by the government) of unemployment figures, the hard fact remains that unemployment in March was higher than in any other March since the end of World War II. Except a year ago when we were in the depths of the recession.

"The drop in unemployment was mostly seasonal. There is no appreciable improvement in the overall picture. Certainly, well-staged propaganda announcements will not solve the problem or bring relief to the 4,360,000 unemployed workers and their families.

"Unemployment is a problem of people, men, women and children rather than a mere statistic."
The Security I Like Best

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

The opinions expressed in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.

Charles T. Greene
Research Dept., Anson Trout & Co., Inc., New York City

Before setting forth in detail why I like the stock of Telephone Manufacturing Corp. I should like to indulge in a few general observations on the Telephone Industry. Under date of March 19, 1959, the "Chronicle" of the Bell System had devoted considerable space to covering the comprehensive story of the development of electronic stocks, captained by the "Sky Doctor," Lucien L. Filmore, Jr. Thus, I take it, is not merely a manner of speaking, but a recognition of the present developing phase of the industry and the recognition of the limitless vastness of interplanetary space.

For, man, thousands of years, in his search for "The Why and the Wherefore," and for the answer that has been pushing the frontiers of space further and further outward from his old earthy limitations, and, in many areas of thought has not yet found an answer, I have cast my fellow man to the far-reaching possibilities in nuclear science, currently being intensively explored. This leads to my first general observation: that most of us fail to relate the present deprecation in the buying power of our earthly currency and certain historical ratios, as the measure of the value of a security, to the greatly enlarged sphere of man's speculation and achievement in the realm of Scientific Research.

Secondly, to give a couple of current examples. The old call to mind that "In the old days," the stock market was considered to be high if the general ratio of selling price to earnings rose to or above 17. We know, however, that certain technical stocks, like General Electric, whose slogan is aptly appropriate in this particular—"At General Electric, Research is Our Most Important Product"—could sell at twice the ratio of the average without throwing us into a panic because of the apparent inanity.

Thirdly, assuming that the buying power of our dollar now is only 42 cents of 100 cents, is it not reasonable to make some additions to the formula as to what constitutes a present competitive relation of market price to net earnings? The stock multiplier could be 2.50, which would indicate an added value of 100 to 200 times earning ratio of 29 to better-than-40-odd. But this response to "Book Value." Many an investor "lights ab" of venturing his money in a company that is "relatively" nos book value. Conceded that many financial-minded people now show, in a supplemental note, or computation, an average in surplus, the actual appropriations from cash flow retained in the business, yet the buying power of one and one-half times, does not give adequate recognition of the time factor, a factor which makes 

"Research Is Our Most Important Product"—differently even to the General Electric slogan, it is a product primarily not for sale; but it, too, is reflected in the price of the stock.

Pithily, while it is generally recognized that our Federal and state tax laws accord preferable treatment to capital gains over ordinary income, it is apt to be overlooked by the investor that lack of dividend payment or insufficient dividends, in the ease of electronic stocks, are actually points in their favor.

I am inclined to make an effort to stretch out my thoughts of the probable future of a bull swing, and contrariwise of a falling wave in the speculative and electronic markets. It is of significance to me that the electric utility industry is in the same position as the telephone industry, and so are the newspapers. The same is true in the case of new construction and capital outlay, not to mention the large banks, which have as much ready cash in their safe as the telephone company.

If we start with a date in 1940, and use our suggested multiplier, we come up with 1970-1972 as a possible termination of the present bull swing in the market.

What About Telephone Manufacturing?

The Company was organized in 1919 under the name of telephone: A stock company. Originally, it was designed chiefly for the development and development organization in the field of electronic stocks, and were serving services as consultants and specialists in the field of color television. As a result of this program, the company has developed 6,000 thousands of dollars in the electronic field. Many of these had or special uses and have been sold to a small volume; but as the company has broadened its manufacturing and sales activities, it has been able to sell a wide variety of products used in industry, communications and allied fields.

As its nature implies, the company's income is associated with the development of color in television. Today, when we refer to color television, we are referring to a strikingly important "spectacular" he usually thinks of that few who are fortunate enough to have sets capable of receiving programs in color have a declared "edge" over those who watched black and white television. The introduction of television in color is still in its infancy.

The outstanding role that "Telephone Manufacturing plays in the development of television in the line "living color" is revealed in the records of 1953 and 1954. In 1954, the company's sales reached $1,162,308.43 from $221,370.43 in 1953. But this movement virtually died in 1954, as the company has broadened its field of interests and currently is represented by the broad field of electronics. With the number of TV manufactures who have received capable of presenting pictures in color, the company, in a short time, has sold to a large number of its sister companies as well as previously reported and still have those reported for the abortive year 1954.

According to the latest report available to us, sales are running at the rate of $1,600,000 to $1,800,000 per month last June, and to have increased to $1,800,000 to $2,000,000 in June of this year. But increased activity has not been in the new field of color television. There may not be in excess of those reported for the past fiscal year—$1,600 per share; but at the same equal to be able to sell 10% of its sales, a rather extra-ordinary achievement.

A Major Step Forward Impending Plans have been formulated for a further significant expansion, and will be in progress during the second half of the year. Total expansion of the company is planned to be a 10-year program, and it is entitled to a non cumulative dividend of 3 cents per share in each fiscal year before any dividends are paid on the class B stock, and class B stock, the majority of which is owned by management.

The latter privilege of converting (subsequent to April 15, 1957) into class A stock. But due to the very old date of the company's stock, this called "new" stock, which has been sold to a number of TV manufacturers, the company has a relatively large volume of outstanding stock, and accompanied by the fact that the net worth, which has been selling at $2.75 to $5.75 per share, ranging from $2 to $2.75 per share.

The stock was originally underwritten in March of 1956, at $2 per share and share and other reports give the Over-the-Counter Market at approximately 30-31. Thus, at present market value, the stock is apparently seen to be in a modest way, and declining in earning is represented as indicated at about a 10 to 1 ratio and further suggested growth advance in the market value of Telephone to the level of $30 to $40 per share.

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Therefore, I believe that the writer estimates to a total of $1,000,000 in any company who has the ideal inflation hedge. Unlike oil, ore, etc., it is not subject to price and it is a natural resource that automatically relocations itself. To quote an ideal company slogan: “After 80 years of cutting, we still have more money in the bank.” Moreover, this timber increases in value with each passing year. All told, Great Northern’s vast timberland, represents the ideal inflation hedge. Unlike oil, ore, etc., it is not subject to price and it is a natural resource that automatically relocates itself. To make an ideal company slogan: “After 80 years of cutting, we still have more money in the bank.” Additionally, this timber increases in value with each passing year.

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INDEX

Articles and News

The Market Outlook—Philip J. Fitzgerald... 5
An Investment Manager Looks at the Economic Outlook—Perry S. Bowyer... 6
Commodity Credit and Instalment Credit—George Katona... 9
Outlook for Banking and Credit in the Second Half of 1955—S. Clark Beise... 11
An Infelctive Review of the Retail Trade Field—Lawrence J. Kaufman... 12
Illusions Cost Too Much—Stephen G. Ricovici, U. S. N... 18
The Challenge of Soviet Power—Allan N. Dallas... 22

ABOUT THE ELECTRIC UTILITY INDUSTRY

Status of Private Atomic Power and a Look at the Future—Eimer L. Lintz... Cover
Government's Role in Nuclear Power Development—Hon. John A. McCloy... Cover
Bases for Successful Future Electric Utility Financing 3
Outlook for Electric Utilities Remaining Favorable—Owen Ely... 10
Current Growth of Electric Utilities—Ira U. Cobleigh... 13
New Dimension in the Electrical Future—Mark W. Cresap, Jr... 14
The American Way in Tomorrow's World—Barry Goldwater... 15
Electric Power for a Strong America—J. E. Corette... 20
Designing Electric Utility Systems for the Future—Leroy G. Gay... 21
Electric Utility Pricing Policies for Tomorrow—Robert S. Quin... 25
New Officers Elected by Edison Electric Institute... 25
Breakthrough Reported in Direct Conversion of Nuclear Energy—Dr. E. R. Byerly... 28
Nuclear Power Plant Proposals Invited Under Joint U. S.-Korean Program... 40
New Data on Electric Report Rising Used Abroad... 41
Alabama Power Co. Wins Award of Edison Electric Institute... 41
Warms on Blank Check for TVA... 46

A Fiscal Re-awakening? (Boxed)... 13
States Gird for Tax Interstate Enterprise... 25
Canadian Capital Spending Plans for 1957... 27
Purchasing Power-Boosting Capital Expenditure Plans... 27
Emotional Elements in Regional Business Fluctuations... 28
Inevitable, Ru kokera Maintains... 49
Sparks Turn Rise of U. S. Bonds in Banking System as Fiscal Irresponsibility... 52
Leading Producer Cities Electronics Revolution in France... 51

Regular Features

As We See It (Editorial)... Cover
Bank and Insurance Stocks... 16
Business Man's Bookshelf... 64
Coming Events in the Investment Field... 66
Dealer-Broker Investment Recommendations... 67
Elmira: "British Budget Helps Business"... 29
From Washington Ahead of the News—Carlisle Bargar... 17
Indications of Current Business Activities... 32
Mutual Funds... 62
New About Banks and Bankers... 64
Observations—Arthur Willard... 64
Our Reporter on Governments... 43
Our Reporter's Report... 63
Public Utility Securities... 69
Securities Now in Registration... 54
Prospective Security Offerings... 66
Securities, Salesman's Corner... 46
The Market... 73
The Security I Like Best... 5
The State of Trade and Industry... 4
Washington and You... 64

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Published Twice Weekly
Observations
By A. Wilfred May

NEW LOOK AT THE FUND'S PORTFOLIO POLICIES

With the stock market having finally become stalled in the Blue Chip area, reconsideration of the investment companies' portfolio policy is in order. Such a policy is particularly prompted by reason of impact of their portfolio operations on the name of the opportunity for new concerns, as well as regarding their performance record, and the question of the wisdom of diversification.

During past periods the performance record of the common stock funds, calculated according to the changes in their assets' value compared with the fluctuations in the un-managed and "un-thinking" averages, has been somewhat poorer than for the "blind" course." In the year 1908, however, the comparable funds slightly out-performed the leading averages.

Any feeling that this implies a slumber on the funds' justification is misleading. It is realized that in actual practice the ordinary investor acting for himself took the leads and did as well as the "blind" averages.

What are the reasons for the negative comparative results? Partly, they manifest the general difficulty of market timing, even by the top experts. (As a matter of fact, a statistic of fund management has shown that whose policy calls for a minimum amount of timing got better results than the more active timers.) Also, a very many of the funds have been penalized by 20-to-40% concentration in the oil industry. For the portfolio stocks, following unfavorable supply conditions and economic trends, have been staging a special bear market of their own.

The Diversification Question

As is shown by the comparative record thus open up now the opportunity for diversification, the strongest argument for putting your eggs in one basket generally is that the investor finds it too difficult to watch a large number of issues. But this disadvantage of risk-spreading is uniquely and effectively eliminated in the case of the funds, whose justification is based on full-time portfolio management effort.

Affirmed, diversification with its spreading of risk, and embracing of expertly discovered values, rather than relying on timing the fluctuations within the name stock being the only reason for the funds' existence. Adding to the disadvantage of a suitable income yield on the $1000 is now averaging about a 2% increase further reduce to a mere 2.7% for the fund shareholder.

The surpassing of the Dow-Jones Industrials by the more voluminous averages emphasizes the substantialities of the diversification. Perhaps the funds should diversify even more than they do.

If it is argued for Blue Chip concentration and at the same time that an individual does not or cannot permanently sleep in those issues, he is logically forced to the conclusion of avoiding a return to the fixed asset concentration in those issues. Popular in Britain and in the United States, this is the beneficially maintained permanently, and without management discretion, holding of specialized issues.

While such Blue Chip fixed trust would offer a realistic compromise, it would be inconsistent with the basic objective of the company movement. To observe the funds' best course in constant diversification, despite occasional superior appreciation by the Blue Chips. In meeting the practical criteria of yield and asset value appreciation should in the long run pay off. The add to some stocks can always add them to the self-managed portion of his portfolio.

The diversification question also be avoided by the investor through diversification by specializing in a single industry. Such a diversified unit might be used in combination with an already diversified list; perhaps by adding a new list in a new industry (as "electronics").

Proposed Regulatory Changes

The SEC's pending proposals for changes in the statutes governing the investment companies and advisers, previously cited in this column, focus largely on the bull market render particularly timely public consideration and discussion of the industry's past record and future prospects. Recognized in the current government regulation as an absolute guaranteed "charity" in practical exercise in any financial area, it is our considered opinion that a generation of crude misinterpretation by the Federal authorities in combination with the government's present attitude on the industry. Whatever abuses remain mainly from the areas of direct, as unsecured retail sales and the uneducable public be.

The frequent distribution price arrangement under which the "involuntary" (as the SEC phrase) of the fund constitutes one feature which seems objectionable. This cut rate afforded to the big layer is conditioned by the SEC as the industry by analogy with general merchandising practice, in the house can often buy a dozen 10-cent oranges for an even dollar. But this is not even an economy for the observer. The differential created is one of 100% to buyers interested against an entire category of buyers measured by their lack of interest in the fund. The SEC maintains that the basic purposes of the SEC in anything connected to protect the small investor.

Merrill Lynch to Elect Officers

On April 23rd, J. Byran Grubb will retire as chairman of the board. Mr. William L. Jones will become Vice-President of Merrill Lynch. Incorporated, 70 Pine Street, New York City, members of the New York Stock Exchange, will make his headquarters in the new branch office of the new Building, of which he is Manager.

On the same day, Carmen S. Cornely will become chairman of the firm's trading department.

Saunders, Cameron
New Firm Name

TORONTO, Canada—The business formerly carried on by E. M. Saunders Limited, 55 Yonge Street, Toronto, on the incorporation of New Ventures Limited, is now known as Saunders, Cameron Limited. Formerly Mr. Saunders and Mr. A. H. Cameron are principals. Peter S. Crystade is now manager of the firm's trading department.

UN Ambassador Lodge
To Address Bond Club

Henry Cabot Lodge, United States Representative to the United Nations, will address The Bond Club of New York at a luncheon meeting today, April 16 at 11:30 o'clock, according to an announcement by Harold H. Cook, President and Vice-President, who is in a partnership in the firm.

Quinn & Co. to Admit New Partners

ALBUQUERQUE, N. Mex.—On May 1st, Quinn & Co., 200 Second Street, Albuquerque, N. Mex., the New York Stock Exchange, will admit Frank Quinn, Lawrence D. Nieddu and Verne R. Bean to partnership in the firm.

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The Market Outlook

By PHILIP J. FITZGERALD

In assessing the variety of factors entering into the 1959 market outlook, Mr. FitzGerald calls attention to high price of the best of stocks. Before pointing out seven categories of investment opportunities that appear rewarding at present, the author points to further gains in bond prices which would have to go in order to provide the safe yields about 4½% and more found in bonds at present.

The 1959-1960 stock market boom is essentially a perfect example of that famous classical theory of inflation—too many investor dollars chasing too few investment opportunities. Until something happens to stop it, the market appears to be headed higher. In the meantime, a number of investors will be tempted to sell some of their holdings to avoid being too far up.

(1) The Dow Jones Industrial Averages is likely to break through 3,000. Secondly, the Research Index increased its profit from $1.63 to $2.00 per share and its prices rose nearly tenfold. The 1957 Setback

This record period of prosperity has been achieved by following business correction which emerges on the scene brought on by the Defense Department's re-enforcement policy. That the setback was contained in an invenory correction rather than a deflation was due to the belief that there was an underlying trend. Contributing to this phenomenon was—(1) The Federal Reserve's easy money policy which relieved most of the pressures of consumer demand. (2) The Defense Department's reversal of its drastic economy policy by placing no restrictions on new orders of new orders that had been held pending. (3) Governmental deficits which added buying power to the market, the $13 billion deficit of the Federal Government alone, for example, the public debt over $22 billion as compared to revenues of only $14 billion.

When business turned up in the first quarter of 1958 following the four months of the fastest recoveries ever witnessed. This spring the public business is being further accelerated by the reaccumulation of inventories to protect factories from the danger of strikes. At the other extreme, in the steel and other major industries in which labor contracts will be up for negotiation next summer.

The 1958 Advance

The result of the sudden shift in business has not only been in prices, but in the fact that—(1) Sellers prior to and during the advance the intent of repurchasing their own stocks. (2) Buyers bought for the long pull, creating a very real investment in real estate. The result has been that the 1958 market cleared the greatest and broadest gain in history, with total value of all stocks listed on the New York Stock Exchange changing at $8 billion, all with increased earnings of 1958 stock, increased earnings of 1959 stock, increased earnings of 1960 stocks.

(4) The Dow Jones Industrial Average, which sells at $613, sells for $613, sells for $613 per share, and is selling at a $613, sells per share, and is selling at a 10% premium.

Rate of Growth

To judge by the speed of gain, the premium investors can afford to pay, it is necessary to arrive at some idea of what the rate of growth will be which can be expected. Since the past decade and a half, the peaks of 1948 and 1957 is the most prosperous on record, it can serve as a good index of what the economy and the earning power of the 1960s can be expected to grow under most favorable conditions. In that decade, the earning power increased by 38%.

The Gross National Product rose from just under $260 billion to over $440 billion and 1960 should reach 19.1% of its level in 1960.

To achieve such a rate of growth of the Dow Jones Industrial Average, the company's earnings would have to be at an extraordinary spending for Korea, the Cold War and the new United Nations programs. During this period—(1) Industries like transportation, utilities, and banks appear to enjoy prospects of record earnings powers this year, pointing to a further rise in levels next year. (2) Industries which will be particularly benefited by the 50% point in our semi-permanent population between 1958 and 1965, including high Per capita items like campaigns; and (3) Industries which are emerging from their individual cyclical troughs due to overproduction in the 1959-1960 period and which should see earning power building up steadily over the next two years, including automobile, home appliance; and construction equipment.

(4) Meat packing which appears to have entered upon one of its favorable cycles as consumers' as a whole.

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Total Assets...

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Weakening... What are the areas where investing opportunities appear to exist at present? 

In areas where the rate of overproduction appears to exist at present, purchasing power is high and the cost of labor and supplies are declining. 

Investment Opportunities

(5) Industries which are being benefited by committed to renewable energy. Since the oil industry promises to be the runner-up among the following industries, the leading metalurgicals can be expected to gain ground faster than others. In the popular areas of minerals and enterprises, investors can make better buys in the larger established companies like North American and Lockheed in the more recession-sensitive specialties.

(6) Industries possessing large reserves of raw material resources which are the only real hedge against long range inflation, but which have not been out of favor in the past several years because of the pressure of temporary overproduction, including oils, papers and timbers, and inefisal metals; and

(7) Pacific Coast companies whose markets are expanding at a rate faster than the nation favorable cycles as consumers', as a whole.

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(7) Pacific Coast companies whose markets are expanding at a rate faster than the nation favorable cycles as consumers', as a whole.
An Investment Manager Looks At The Economic Outlook

By FERRY S. BOWER

Vice-President and Treasurer, Great-West Life Assurance Company

Speaking from an investment manager's point of view, Mr. Bower explains why he discerns in the next 18 months a measure of tension and apprehension that has not prevailed since the early 1930's. He notes the upward push affecting the stock market and long-term interest rates, anticipates narrowing gap between government rates and all others as they both rise which he expects would at first adversely affect housing and municipals rather than corporate bonds. He observes that this explanation in part rapid than previous postwar periods; hopes rising interest rates will not choke off developments important to economic stability—such as housing; and assumes the award secular trend will bow and then suffer from interruptions.

In retrospect, it is now obvious that the business recession terminated about the end of the first quarter of 1958. By the end of the third quarter, we were unmistakable signs of a return to the upward trend which has, in fact, continued with so little interruption since the middle of the war. By the end of September, the rate of the Gross National Product was at all-time high and by the end of 1958 it reached $45 billion at the peak of mid-1937. While the decline in investment by business and the liquidation of business inventories in the 18 months following the depression, together with the increased demand for consumer goods and services, have contributed to the recovery, there is also some measure of inventory earnings of our national production. There is also a somewhat disconcerting measure of unemployment. All of these should portend lower prices of stocks in the future. However, as the year progresses, it is not unlikely that our trade unions will increase production with the growing inflation. Current Federal Reserve policy, with its effect on the interest rates, should not be taken as, in fact, already anticipating this.

For, as productive capacity begins to be used up, producers will begin to report shortages (if not already doing so) engaging in efforts to increase inventories. Liquefied assets will begin looking for (if not already looking) towards ways and means of increasing our borrowed funds. In addition, the situation may be aggravated by the Federal Reserve's effort to raise the discount rate to $4 billion by the end of 1959.

From a talk by Mr. Bower, Before the 1959 Annual Convention of the American Insurance Association, Houston, Texas, April 2, 1959.

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In essence, unless the banking system acquires additional reserves, the Federal Reserve will be limited in its ability to contribute additional reserves on the interest rate levels at which it will be effective, which are likely to reduce the real value of the currency.

Notes Less Liquidity

I have already suggested that the current and future economic embarras is, given that the Federal Reserve system has little or no ability to increase the amount of liquid funds. In this case, the amount of money in circulation may not be sufficient to meet the needs of the economy.

From the investment manager's viewpoint, the next 18 months may be characterized by a measure of tension and apprehension that has not prevailed since the early 1930's. He notes the upward push affecting the stock market and long-term interest rates, anticipates narrowing gap between government rates and all others as they both rise which he expects will at first adversely affect housing and municipals rather than corporate bonds. He observes that this explanation in part rapid than previous postwar periods; hopes rising interest rates will not choke off developments important to economic stability—such as housing; and assumes the award secular trend will bow and then suffer from interruptions.
New Issue

$60,161,000
Commonwealth of Massachusetts
3⅛% Bonds

Dated February 1, 1959

Due February 1, as shown

Principal and semi-annual interest (February 1 and August 1) payable at Bankers Trust Company, New York, N. Y., at the First National Bank of Boston, Boston, Mass. or at The First National Bank of Chicago, Chicago, Ill. Coupon bonds in the denomination of $1,000, exchangeable for fully registered bonds in multiples of $1,000, but not interchangeable.

Interest Exempt from Federal and Massachusetts Income Taxes under present laws

Legal Investment, in our opinion, for Savings Banks and Trust Funds in New York, Massachusetts and certain other States and for Savings Banks in Connecticut

These bonds, to be issued for Capital Outlay, Veterans’ Services Loan, Highway Improvement, Drainage and Flood Control, Sewerage and Water purposes, in the opinion of the Attorney General will constitute direct general obligations of the Commonwealth of Massachusetts for the payment of which the full faith and credit of the Commonwealth will be pledged and for such purpose the Commonwealth will have power to levy unlimited taxes on all the taxable property therein.

AMOUNTS, MATURITIES AND PRICES

(All accrued interest to be added)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Due</th>
<th>To Yield</th>
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<td>3.30%</td>
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<td>2.80%</td>
<td>2,524,000</td>
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<td>1985</td>
<td>100</td>
<td>129,000</td>
<td>1997</td>
<td>3.65%</td>
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These bonds will be initially issued by the Commonwealth of Massachusetts at not less than their par value, and a taxable gain may occur on bonds purchased at a discount. Interest payments are required under existing regulations to amortize any premium paid therefor.

When, as and if issued and received by us and subject to approval of legality by the Attorney General of the Commonwealth of Massachusetts.

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The First National City Bank
The First National Bank
Lehman Brothers
The First Boston Corporation
Halsey, Stuart & Co., Inc.
Phelps, Fried & Co.
New York

Chemical Corn Exchange Bank
Guaranty Trust Company
Blyth & Co., Inc.
Hamill, Hargreaves & Co.
Smith, Barney & Co.
Salomon Bros. & Hutton
Goldman, Sachs & Co.
Harris Trust and Savings Bank
New York

Continental Illinois National Bank and Trust Company
The Northern Trust Company
C. J. Devine & Co.
Eastern Dillon, Union Securities & Co.
Clay, Fargan & Co.
Kidder, Peabody & Co.

Dread & Co.
Merrill Lynch, Pierce, Fenner & Smith
White, Weld & Co.
The Philadelphia National Bank
R. W. Pressprich & Co.
L. F. Rothschild & Co.
Blair & Co., Inc.
The First National Bank
of Boston

Mercantile Trust Company
Seattle-First National Bank
Lubarsch, Thalhaim & Co.
Bear, Stearns & Co.
Carl M. Leech, Rhodes & Co.
F. S. Mosley & Co.
Shields & Company

Stone & Webster Securities Corporation
Paine, Webber, Jackson & Curtis
The First National Bank
The Boston’s National Bank
A. C. Allyn and Company
Equitable Securities Corporation

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Horner & Weeks
Humphrey, Noyes & Co.
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Bare Brothers & Co.
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Dick & Merle Smith
Adams, McIntyre & Co., Inc.

Bache & Co., Baxter & Company
Francis L. du Pont & Co.
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Holladay & Co.
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Bean, Busworth & Co.
Gen. B. Gibbons & Company
Keas, Taylor & Co.

Alec Brown & Sons
First of Michigan Corporation
Clark, Dodge & Co.
Dunmore & Company
Estabrook & Co.
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W. H. Marvin & Co.
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Fitzpatrick, Sullivan & Co.
E. F. Hutton & Co.

Chas. E. Weigand & Co.
Bacon, Whipple & Co.
Robert W. Baird & Co.
Baker, Watts & Co.
William Blair & Company
R. H. Moulton & Company
Branch Banking & Trust Co.

Laidl, Bissell & Meeds
Eldredge & Co.
Barlow & Co.
King, Quirk & Co.
Rand & Co.
Towell, Dabney & Tyson
Spencer Track & Co.
Fidelity Union Trust Company

National State Bank
Smith Ellis & Simmons
Courts & Co., Inc.
Tripp & Co., Inc.
First Southwest Company
McComb & Co.
A. M. Kilday & Co., Inc.

Rockland Atlas National Bank
of Boston
R. D. White & Company
Wood, Gandy & Co., Inc.
Third National Bank
in Nashville

Arthur L. Wright & Co., Inc.
George P. Foye & Co.
Chase, Whitehead & Wilson, Inc.
Lyons & Siallo
Clayton Securities Corporation
Laker, Sparrow & Co.
White & Company

April 15, 1959.

Statements herein, while not guaranteed, are based upon information which we believe to be reliable.
American Telephone & Telegraph Company—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on Industrial Acceptance Corp., and Dorr-Oliver.

Armdel Corporation—Report—The Milwaukee Company, 207 East Wisconsin Avenue, Chicago, Ill. Also available is a study of Wisconsin Municipal Bonds with tax-free yield and a report on Siemens & Halske A. G.


Bolton, Inc.—Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y.

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

California Water & Telephone Company—Annual report—California Water & Telephone Company, 360 Montgomery Street, San Francisco 4, Calif.

Consolidated Foods Corporation—Analysis—Irwin Haupt & Co., 111 Broadway, New York 6, N. Y.

Continental Commercial Corp.—Memorandum—Moore, Leonard & Lynch, 30 Broad Street, New York 5, N. Y.


Eastman Kodak Co.—Report—First National Bank, New York 2, N. Y.

Fintel Corp.—Data—In Pont, Homey, Co., 31 Milk Street, Boston 9, Mass. Also in the same circular are summaries of reports on Yale & Towne, Joy Manufacturing and Kelsey Hayes.

Garrett Corp.—Analysis—Newburger, Loeb & Co., 15 Broad Street, New York 5, N. Y.

Gulf Oil Corporation—Annual report—Gulf Oil Corporation, Room 620, 51 West 42nd Street, New York 36, N. Y.

Hanssen Corporation—Memorandum—Dempsey-Tegeler & Co., Houston 4, Texas.

Hess, Moyer & Co., Inc., 123 South Broad Street, Philadelphia 9, Pa.

Industrial Container Corporation—Analysis—Hatten, Eicher & Co., 455 South Street, Los Angeles 13, Calif.

Iowa Public Service Co.—Memorandum—A. C. Allmyr & Co., 123 South La Salle Street, Chicago 3, Ill.


Launer Aircraft Corp.—Reprint from Flight Magazine describing the test flights of the Launer Aircraft Co., 99 Wall Street, New York 5, N. Y.


Mace Corporation—Analysis—Leson & Co., Inc., 39 South Broad Street, New York 3, N. Y.

Marathon Thermador Corporation.


Miami Steamship Co.—Report—Latham & Goodale, 212 Broadway, New York 5, N. Y.

Mills, Beecham & Co., 335 South Michigan Ave., Chicago 1, Ill.

Moody Co.—Memorandum—Lambertson, 301 South Wabash Avenue, Chicago 4, Ill.

Municipal Railway Co.—Report—Fred P. Carey, 815 Broadway, New York 3, N. Y.

Nitro Thermador Corporation.

Olin Mathison Chemical Corporation—Analysis—Sprague & Co., 26 Broadway, New York 4, N. Y.

Pacific Coast Coca-Cola Co.—Memorandum—De Witt Copeland Organon, 120 Broadway, New York 5, N. Y.

Patterson-Driscoll Airways Inc.—Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.


St. Regis Corporation—Data—M. J. Reiter Company, 60 Wall Street, New York 5, N. Y.


Square D Company—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y.

United States Pipe & Plumbing Co.—Analysis—Lowi & Co., Incorporated, 253 East Mason Street, Milwaukee 2, Wis.

Washington Steel Corp.—Memorandum—Singer, Deane & Sherman, Union Trust Building, Pittsburgh 19, Pa.

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Coming Events

In Investment Field

April 24-30, May 1, 1959 (St. Louis, Mo.). St. Louis Municipal Dealers Group annual spring party at the Waldorf-Astoria.


May 17-19, 1959 (Los Angeles, Calif.). Security Dealers Association of Los Angeles summer party at the Biltmore, Palm Springs.

May 19-29, 1959 (Omaha, Neb.). Nebraska Security Dealers Association annual field day.

May 23-26, 1959 (Milwaukee, Wis.). American Stock Exchange, Curb and Options Firms Board of Governors meeting at the Pfister Hotel.

May 27, 1959 (San Francisco, Calif.). San Francisco Security Dealers Association at the Santa Rosa Flamingo Motel, Santa Rosa, Calif.

June 8-11, 1959 (Alberia, Canada). Investment Dealers Association of Canada annual convention at Banff Springs Hotel.

June 11, 1959 (Boston, Mass.). Boston Securities Traders Association annual outing at the Salem Country Club.


June 18, 1959 (Minneapolis-St. Paul, Minn.). Twin Cities Bond Club 35th annual picnic and outing at White Bear Yacht Club, White Bear Lake, Minn., sponsored by a cocktail party June 17 at the Nicollet Hotel, Minneapolis.

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SUGAR

Raw — Refined — Liquid

Exports — Imports — Futures

Display 4—1875
Consumer Attitudes and Installment Credit

By PROFESSOR GEORGE KATONA

President and Researcher

University of Michigan, Ann Arbor, Mich.

Country's foremost expert on consumer buying plans states that installment credit is not the economic motor responsible for expansion or contraction of purchases. Dr. Katona's paper, covering the function performed in the current war economy, also surveys: (1) some economic beliefs held by people; (2) question as to whether consumer wants have been come satisfied; and (3) whether government should regulate consumer credit. Dr. Katona states that belief in the 1958 decline on the extent of consumer debt nor claim there was an insufficiency of purchasing power. Recovery depends not only on plentiful credit, he says, but also on personal confidence and prospects, course of the economy, and assortment and pricing of goods. He sees some improvement in optimism but finds the present attitude towards prices to be unfavorable.

In order to understand the function of installment credit in today's American society, it is necessary to study installment buying in a broad perspective. I shall begin by asking the following question: What are the major factors which characterize the American economy during the past 15 years? They were prosperous, and even though occasionally interrupted by recession, their trajectory was upward rather than present any of the well known, parlous, or stagnant in GNP, production, or retail sales. Detailed personal interviews with representatives of various samples of the American population, carried out by the Survey Research Center several times each year, disclosed certain major features which characterized the climate during the decade following World War II.

No Fear of Depression

First, people believe that a severe depression no longer threatens our society. They are convinced that the great depression of the 30's and years of stagnation with high levels of unemployment cannot recur again. "We have learned how to avoid a depression," they say. They do not think that it was the war, or the large expenditures on reconstruction in the years of war, which brought high production and good times. On the contrary, the majority of people associate international conflict with high tax levels, with political activity, and then there is a rising standard of living.

How depressions can be avoided is far from clear to most people, but they have faith in the government's ability to do something to make the economy prosperous. And they believe that it is detrimental to good times, with production going to waste.

The span of several years must go

of course, differ in their views of the future. But people do not view their life situation as a case of "nice but a bit of a disappointment," for higher prices. Most people think that their rising to a situation further to that which is detestable the enjoyment of the fruits of the labor.

Finally, we find a very strong personal financial progress and trust that the American consumer has made for concern with the good things of life. Striving for higher living standards has developed as desires for better housing, better transportation, more comfort in housekeeping and for a variety of cherished leisure-time activities.

Young Americans decided to buy a house, to have a new car, to get married in the early years of marriage, to bring up their children in style. They have no evident desire to have a variety of expensive durable goods in their life. They are no longer in a buying mood.

Doing the Impossible

Two major questions arise: First, how was it possible for millions and millions of families to have accomplished all this? Second, do people feel that it is a black mark that is, having bought houses, cars, TV sets, refrigerators, washers, dryers, that Americans have become the wealthiest families?

As to the first question: It seems that not only do expenditures depend on income, but income also depends on expenditures. Needing and wanting expensive things, people have worked hard for higher incomes. Millions of husbands have held second jobs, and millions of wives have returned to work after their children grew up.

Most importantly, however, installment buying has helped. Buying on installment has become increasingly popular. Some older people still have misgivings about being in debt or are exasperated with the idea of someone youngest, most willing to pay more money they have to be paid for waiting to use.

Installment buying is particularly common in certain stages of the life cycle. Among younger families with children, 70 to 80% were found to have had installment debt in the last 10 years. Installment buying is associated with families with more income. Year after year we find that more of the families who have high incomes have more installment plans. Installment buying is for the families who expected an income increase. Families with stable income or unchanged income levels have not been able to make a feeling of saturation, and pessimism for a postponement of satisfying their needs.

In 1957 and 1958, optimistic views and feelings gave way to a situation of uncertainty and caution. People became convinced that times were not good for buying automobiles and durable goods. Demand fell off to high prices, coupled with doubts and worries about employment and prospects. From June of 1958 to November of 1958, the recent large-scale purchases, made possible by the freeing up of consumer credit, were no longer likely to be forthcoming.

Credit Is Not the Economic Motor

In order to have full recovery—which has not yet taken place in consumer durable goods—and in order to resume the growth of our economy, we need easy access to plentiful credit; but it alone does not suffice. We need optimistic expectations regarding personal financial prospects and the course of the economy, as well as a positive evaluation of buying durables in the future. People have to believe that the right assortment of goods is available at the "right" prices. In one respect—optimism or pessimism—there has been improvement over the past few months even though the scars of the recession of 1958 are far from over.

In the other respect—attitudes toward prices—the situation is far from favorable; many people have become disappointed that the recession and the considerable unemployment were associated with a rising price trend.

Installment debt is too high and burdensome. When incomes fall, we should remember that millions of families suffered a decline in income in 1959—and when prospects are not good. Installment debt is not too high and stimulates purchases when people are optimistic and prospects are favorable. In the future and are optimistic. Installment credit represents a necessary method of satisfying needs, but it is not the motor responsible for expansion or contraction. In the government, most of the time, most people exercise self-regulation by calculating the monthly charges they can afford in relation to their prospects as they see them.

Harriman Ripley New
San Francisco Branch

SAN FRANCISCO, Calif.—Harriman Ripley & Co., Incorporated, an American investment company, has announced the opening of an office at 1428 Bush Street, under the management of Charles W. Cobb, Vice-President.

Associated with Mr. Cobb in the management of the new office are Philip G. Turner and Paul W. Cowan.

Headquarters of Harriman Ripley & Co. Incorporated are located at 63 Wall Street, New York, and branch offices, in addition to San Francisco, are in Boston, Phila-

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$22,000,000

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Due April 15, 1984

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Price 100% (plus accrued interest)

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April 16, 1959
From Washington
Ahead of the News

by CARLISLE BARBERON

Federal Reserve Bank of St. Louis

Believe it or not, but the cost of operating the government's farm program next year... The fiscal year beginning July 1, will be $6 billion; but the unbalanced net income of the farmers is estimated at a little more than $13 billion. That is the difference by no means called a very sound proposition. We would be better off if we lived all of our farms and bought all our foodstuffs and fibers abroad.

Despite this sorry situation, Congress has no disposition thus far to do anything about it. Secretary Benson has told Congress that a few million more to take more land out of production by putting it in the soil conservation reserve, and authority to reduce the price supports to as much as 80%.

The Secretary made a voluble flight of only two years to get support prices down from a rigid 90% of parity to a flexible scale. With this advantage he has succeeded in bringing all prices down but he hasn't hit the bottom of this point that this would be beneficial. The surplus is still growing.

Senator Casebacher, Republican of Indiana, has taken the bit between the teeth. He said the indications are that this will fly the latter part of this week. He intends to introduce a bill which would freeze the surplus, allowing only so much of it to be drawn off as is necessary for making ends meet abroad. A topline drawing off the surplus to equal the 8% of parity which is given away to needy cases in this country. Then, he would in effect, raise the parity price to 90% and take 50,000,000 more acres out of cultivation but in conservation storage. This, he believes, along with the others, will greatly in- crease the appropriation for research into industrial uses of farm products, and bring production and demand into balance. That, he feels, will enable the government to drop all price supports and get clean out of the farm business.

The Senator points out that the visible supply of wheat today is only 16% of the government owns all but 234,000,000 bushels. This, he says, is ridiculous and proves that something is radically wrong with the farm program. In fact, President Eisenhower in his message to Congress on agriculture, and flatly the present system was not working. However, he suggested no solution, because he said that a new formula for fixing support prices be authorized by which Benson could lower support prices to 60% of parity. This is one reason why Congress has shown a complete apathy towards his recommendations and as a result Congress has no intention of trying to formulate any new farm legislation.

The Democrats are in control of both Houses of Congress, and Senate. Many Republicans in their own party, incline to let Republicans strew in their own face.

Benson has already taken 25,000,000 acres out of cultivation under the conservation reserve program by which farmers are paid the same amount as $6 an acre for their acreage out of production. Caphehart would raise this to $10 per acre. There are some 200,000,000 tillable acres in the country.

Since the government first intervened in the affairs of the farmers here in 1933, the government's estimated farm surplus has risen from $300,000,000,000 to the present $13,000,000,000.

As a result, a desperate situation has developed. Prices have dropped to a shambles out of a tremendous structure whose efficiany has attracted the envy of the world. A long time argument between Benson and his critics was whether high price supports didn't in- crease production. Benson has contended that they did. His critics hold to the contrary. A recent survey shows that Benson is in the right. With a price parity more than 60% of normal, one of corn is expected to be the largest in history.

Another record shows that when farmers are prosperous they are more likely to take it out of plowing. Too much fertilizer into their land instead of corn, it is expected that over all land farmers in good and in good fortune the farmer is inclined to preserve it. When prices are low, and the farmer is having a harder time of it, he wants to get all out of the land that is possible.

Caphehart's bill will at least awaken a dormant subject.

S. G. Eisenstadt V-P,
Of Moroney, Beissner

Public Utility Securities

by OWEN ELY

Outlook for Electric Utilities Remains Favorable

The electric utilities did surpris¬ingly well after taking into account the......

Emanuel, Deetjen to Admit New Partners

Emanuel, Deetjen & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on May 1st, will admit P. G. G. V. Beall, Jr., of Moroney, Beissner & Co., to membership in the firm. Mr. Beall is a partner in the firm.

Powell & Coo. Adds

Ranken, an investment banking firm, is now with Powell & Company, Inc., 120 Anderson Street.

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To Adel S. Wilson

Theodore Tsalalinos & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, will assist Edward S. Wilson to partnership.

Securities were placed privately through the undersigned with institutions purchasing them for investment. They are not for sale and this advertisement appears as a matter of record only.

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FEBRUARY 18, 1959

The Commercial and Financial Chronicle . . . Thursday, April 16, 1959

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F. EBERSTADT & CO.

Eberstadt & Witter & CO.
Outlook for Banking and Credit In the Second Half of 1959

By S. CLARK BEISE
President, Bank of America Trust and Savings Association, San Francisco, Calif.

In examining the principal components of demand for bank credit during the second half of 1959, Mr. Beise expects:

(1) moderatingly restrictive Federal Reserve policy will lessen—broadly and more temporarily—growth in interest rates; and
(2) major pressure on credit to come from rising public sector's credit needs; and
(3) substantial pick up in short— but not long—term credit needs of business.

Monetary authorities are likely to follow an increase in consumer durable goods credit and a vigorous demand for mortgage credit, and that this will be accompanied by lower rate of personal saving.

The basic factors influencing the number of loan requests for credit during the second half of 1959 is therefore the heart of the outlook for banking.

The nation's economic health, which began the year with a good pace, has continued in a continued and sustained forward surge in over-all economic activity, and gives the forecast for the prospect for the remainder of the year.

There are, however, a number of questions which must be resolved before we can expect the economy to continue to advance at the rate of which it is capable.

Positive and Negative Economic Factors

The principal factor which is exerting a moderating effect in the current recovery stage is the recessionary tendencies of wage and employment figures. While this pool of unemployment is currently acting as a drag on the economy and consumer buying, the record of past recoveries shows that postwar era suggest that employment ordinarily rebounds more quickly in the early stage of recovery than does the rate of recovery, which is likely to generate larger demands for credit than the year prior.

It is this structure as well as the fact that recovery, which has already generated a number of job losses, has itself faced a number of hurdles that has posed a very difficult problem for the monetary authorities.

Two questions to be resolved in the current outlook is:

1. The prospect is that the Federal Reserve will continue to be firming the economy in the remainder of the year. The year 1959 will not be like 1958.

2. Acting directly through the commercial banks, the Federal Reserve System is likely to curtail the credit expansion of the private sector of the economy more directly and decisively than in the past two years.

At the same time, the Federal Reserve will see to it that the monetary policy is not inflationary.

Treasurer Debt Pressures on Credit

As recent events have shown, the Federal Reserve System must look to the Federal Government for help in controlling inflationary pressures. The Federal Government has provided much of the additional credit needed to finance the growth of the economy, and is likely to increase the size of its deficits in order to maintain growth.

Housing and Mortgage Market

As in the past, this year's housing market remains very strong. Housing starts for new single-family homes are climbing 55% above the 1955 level. Construction expenditures have increased 65% during the past year, and have doubled since the start of the 1957 recovery.

Consumer demand for credit to finance the purchase of durable goods and home construction continue to be the primary source of credit demand.

In contrast, the short-term credit requirements of business remain at a level substantially lower than the year prior. The reason for this is related to the fact that business, especially the durable goods-producing industries, continues to be more reluctant to take on new debt.

A continuing high level of residential construction activity—over $95 billion for the year as a whole—is the current prospect. Generally speaking, a satisfactory balance will be between overall supply and demand forces to carry the Federal Government's policy of housing program and the competition of existing housing from the competitive attractiveness of other types of mortgage financing.

Banking authorities are the key to the continuing short-term credit needs of business. The Federal Reserve Bank will continue to be firming the economy in the remainder of the year. There is little chance of the economy's slipping to recession,

The demand for consumer installment credit is much improved over last year. A strong rise in personal incomes, together with small improvement in consumer liquidity in recent months, should further enhance consumer's ability to incur additional debt. In addition, a high rate of new home construction will have a favorable impact on the demand for mortgage credit.

To sum up, the demand for credit during the last half of 1959 would appear to be:

Sums Up Credit Picture

The long-term credit needs of business are not likely to increase much during the remainder of the year, and the pressure for additional credit will be limited to a few sectors of the economy where there is additional consumer support. In contrast, business short-term credit needs are likely to increase substantially with a recovery-inferred, seasonal pick-up in inventory buying.

Consumer demand for credit to finance the purchase of durable goods is strong. Housing activity continues to be the primary source of credit demand.

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An Analytical Review of The Retail Trade Field

By LAWRENCE R. KAHN* 

*An address by Mr. Kahn as part of the Harry S. Truman Memorial Lecture, New York City, March 3, 1959.

LAWRENCE R. KAHN

Our past few recessions, or depressions (if that is no longer a dirty word) have been characterized by one outstanding factor. This factor has largely helped to temper the degree of the decline and has without question been a basic in bringing about the speed of the recovery. In essence, this has been the continued practice of retailing that retail levels notwithstanding the shifts in the business cycle, this may be attributed to certain basic changes in our economy. Some of these have been set forth by Dr. Galbraith in his book "The Affluent Society." More important, from our point of view, I think, is the fact that we have had a shift in economic patterns to a broadening of the middle class with a narrowing of the number of families in both the low income and high income brackets. The major effect of this is a naturally tremendous widening of the number of people who are able to purchase all different types of goods and services. This has been a major societal shift develop-

The Army recently announced the formation of the Electric and Optical Products Division for the manufacture of nuclear reactor components on the existing Pacific Fabrication Plant. A separate major effort is now underway for company-sponsored research on solar fuel systems and to contain necessary equipment to make and test the new fuels on a small scale.

The Penn Manufacturing Company of Newington has announced the formation of the Nuclear Products Division for the manufacture of nuclear reactor components on the existing primary reactor builders. A separate major effort is now underway for company-sponsored research on solar fuel systems and to contain necessary equipment to make and test the new fuels on a small scale.


electrofore, Incorporated

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Electrofo...
Current Growth in Electric Utilities

By DR. IRA C. COBLEIGH

Enterprise Economist and Author of "How to Get Rich Buying Stocks."

Transmission onto paper of topical comment about electric utilities, together with some specific ideas about how to acquire the operating companies, Philadelphia Electric Co. and Calgary Power Limited.

It's too bad that Inoull and Hopson made their millions for investors 20 years ago, with their labyrinthine holding company structure that way out in left field. For, in the 20s, the 30s, or in fact any decade, this century, common stock holdings in operating-electric utilities have been magnificently rewarding investments. Respondent with a shareholder of a significantly uninterrupted rise in earning power and dividends, and the laminated holding companies, not the operating companies, that gave utility dividends 25 to 30% a year (Hewlett Utilities Investment Companies, 1929, and at one-eighth in June, 1932)

But hitherto of this class so costly to thousands of shareholders. Utility common stocks are acclaimed as never before. As a group they enjoyed, last year, their highest stock market price, ever in 15 years, rising during 1938 about 30% in one year, more than 50% in one period, on the basis of improved per share net, but more particularly because of a higher yield. The earnings ratio appraised in the market. The representatives in this class today will sell at almost 10 times net, as against around 15 times a year ago.

Obviously growth in utilities is far from over. Areas in New England, the Dakotas and certain sections of the midwest west have proved to be a reservoir for utility expansion as the east, the gulf states. And we believe the growth rate in recent years, we should have three times the power of Florida Power and Light, (increased its earnings 84% in the four years 1932-1936, 1937) followed by Tucson Gas, Electric, Light and Power Co., Florida Power Corporation and probably Texas Utilities Corp. Impelled at all times the highest price earnings ratios in the industry—all above 25 times. Their unusual price ratios are expected to continue, and aided by rapid growth in area population, and industrial activity, and by regulatory policies favorable to the financial needs of companies with urgent and expensive demands for expansion, constructing and transmission facilities.

But even in less burgeoning sections of our country, power com-
sumption is definitely on the increase. A high percentage of our newer homes, especially the costlier ones, have complete air conditioning. Electrically operated washers, dryers, push button operated windows, electrically operated garage doors, luminous lighting from ceilings and walls, electronic organs, combinations TV, Hi-Fi and stereo sets—all these are pushing up demands for household current. The average household in 1939, for example, used 900 kw for a year; for 1958 the figure was about 3,000 kw; and 20 years from now, probably over 6,000 kw.

Nearly every new office building is now air conditioned (electrically activated), there's a resurgence in the electric automobile industry (with its battery current charged every night), and of course all our bookkeeping, counting, classifying and data handling equipment is becoming more and more modernized by electric systems. As far as the eye can see in the future, up until 1950, demand for electric current is one of the most statistically predictable trends on the entire economic horizon.

To keep up with this dynamic demand the investor-owned electric utility industry has a huge amount of power expansion for 1958 construction expenditures of $1.5 billion. They will be close to that this year—possibly $150 million over—and the five-year forward sale of over 20 billion in new securities is necessary to cover that. Fact's that one of the continuing problems of utilities today is they can't raise enough of net earnings to finance expansion; and they can't expect to sell new curtail markets for new funds. And this year they'll be financing with the price of money—the interest rate—at its highest level in years, for the last 25 years. In view of this, many companies are preferring equity financing. The advantage of high current (historically) prices of electric companies— allowable rates on over 70 million dollars in major utilities will benefit from rate increases in 1958.

We couldn't begin to cover the list of interesting utility equities competing for investment and selection in today's market, so we decided to pick out two issues of obvious merit for swift review. The first is Philadelphia Electric Co., which has paid dividends on its common without interruption since 1902, and increased its dividend seven times in the past 10 years. Philadelphia Electric Co. serves the City of Philadelphia and adjacent suburban counties in northwestern Pennsylvania, and supplies gas in four surrounding Pennsylvania coun-

Marron, Edens, Sloss Opening in N. Y. C.

Marron, Edens, Sloss & Co. Inc., is engaging in a securities underwriting business at 30 Wall Street, New York City. Officers are Donald B. Marron, President; Robert D. Edens, Vice President; and William J. Sloan, Secretary and Treasurer.

Mr. Marron was Secretary and Treasurer of George, O'Neil & Co., and Mr. Edens was also connected. Mr. Sloss was with Van Aalteny, Noel & Co.

A Fiscal re-awakening?

"Now, we have many among us who are calling for heavier and heavier expenditures, saying that these heavier expenditures on the part of the Federal Government would mean and, in effect would cause, economic expansion. I cannot think of any doctrine or any statement that is so false as this."

"If the 174,000,000 people of America don't know more about the spending of such money as that, then I for one submit we are getting in an awful fix. This is exactly what we do under some kind of doctrine, making decisions of what the populace of our country want, what they desire and what they should have. These decisions to the major extent, to the major extent you can possibly conceive of, should be in the hands of the people and not in the hands where they live."

-President Dwight D. Eisenhower.

Excellent! Let's apply this doctrine consistently throughout all our fiscal affairs once more. Such ideas went out of style when the New Deal took over. It is time to revive them.

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New Dimensions in The Electrical Future

By MARK W. CRESPAR, JR.

President, Westinghouse Electric Corporation, Pittsburgh, Pa.

Electrical manufacturer surmises the tremendous opportunities in store for the entire electrical industry and the economy providing, he warns, we overcome the roadblock of inflation and its consequences that are in the way. The industrialist emphasizes the danger of denying economic benefits that exceed productivity gains and calls upon the industry to accelerate productivity's upward trend. Mr. Crespar states our economy is so delicately poised that it no longer can afford to pass off higher wages in form of higher prices. He charges that, in the 1952-57 period, the industry's margin declined about one-third as a result of cost-price squeeze's effect on profits and that the combination of a wage rise to 10% in the last 15 years with profit margins of about 1% a year without price increases would wipe out corporate profits by 1970.

In my opinion, our problems have never been so serious—and our opportunities have never been so great.

Our greatest opportunity lies in national growth—in the consuming expansion of our economy. That growth has been phenomenal in the past 10 years, and it can be even more phenomenal in the next 10 years. You all have seen the projected figures—the increased production of new cars and appliances, the new houses and schools, the huge increase in the number of children, and the decade ahead will be reaching a stage when they form families of their own. By 1960, our total production of goods and services should approach almost $700 billion—in terms of current prices. That is a number greater than all of our present national output.

We all know what these figures mean in terms of electrical power. Industry foremen tell us that such a standard of living will require at least a 17% increase in the use of electricity for each hour of human effort consumed in manufacturing. Your residential customers, 10 years from now, will be using an average of more than 650 kilowatt-hours per year as compared with 3383 this past year. The tremendous commercial load will make significant strides.

*An address by Mr. Crespar before the 27th Annual Convention of the Electric Institute, New Orleans, La., April 6, 1959.

We are told that, to serve this vast load, the electric utility industry will require 1.5 billion kilowatts—nearly two and one-half times last year's production. This means that, given the most optimistic improvement in your load factor, you will still be lagging behind the entirely new system the size of the one you are now operating.

We know, of course, that such a bright future will not fall into our laps. We know that the utility has got to be earned, and that there will be plenty of roadblocks along the way.

On the surface it might appear that our biggest problem is not the economic development. But we have evidence that this won't be true. In the past 20 years, electrical utility technology has advanced far ahead of the economic development. If we look back 10 years, before we started on our industry, we are prepared to do things that were unbelievable just 10 years ago. If the demand should warrant it, we are capable of building generating units approaching one million kilowatts of capacity. Ten years ago, 150,000 kilowatts was considered quite an accomplishment. Today, 500,000 kilowatts is not.

We are also prepared, through advanced research and automation of the distribution apparatus, to deliver this power to your customers. We are prepared to do it more economically, more reliably, and more automatically than ever before.

Perhaps the most important piece of this technological advance possible is the Roadblock of Inflation

There is one big problem that could darken the outlook for our future. That big problem is inflation and its inevitable consequences.

The cure for the inflation in our economy is the one our party has fought most for but the cause of it is quite clear. We have produced the fruits of our production faster than we have been earning them. We have been increasing wages faster than we have been raising prices. Our living standards are higher, and our scientific gains, knowledge, and new equipment have simply had to pay their higher prices. There is no other way to keep prices at higher prices. There's not much else you can do in that situation—

In the case of my own company, as well as others in the industry, the result of the wage increases has been general in the belief that productivity increases has meant a smaller share of the profit spread in order to keep the price of our products attractive to customers. This is putting the cart before the horse.

Efforts of our inflationary spiral must be obvious to anyone with eyes to see and a heart to feel. When prices is pushed higher than consumers are willing to pay—economic dislocation follows by unemployment. When wage increases are spread over all national unions to what my party has called "the wages one can pay"—the less efficient companies suffer—and so do the people who work for those companies.

Each of you has seen examples of this new concept of national and industrial customers—of companies that went under because they couldn't sell the capital cost of more labor-saving equipment and that the government debt hangs over us like a cloud.

We are, with our breath and prepare for what any economic forecast will predict with a crucially important decision to be made over the next 10 years.

On the one hand, we can continue our present wage-price spiral policy which we have followed since the war. Industry can continue to increase prices faster than wages, as it did even through the 1938-45 period, and raise our costs by raising its prices still higher.

On the other hand, industry can hold the line on wages and prices. More precisely, this means limiting the trend of annual wage increases to the trend of productivity increases. You can begin to pay ourselves what we earn and still earn more—almost in all of us—by limiting the trend of productivity increases.

Which is it to be? The same issues are being examined by the great national debate and will be settled in the next few months.

On the one hand, prices will be decreased by uncured wage increases will mean serious dislocation through the entire economy. The essential services will be able to buy their raw materials at higher prices, and we will lose a margin of security and protection. Unemployment will increase, as it did during the depression, and we will find ourselves in a profitless market in which many of our customers will not be able to pay wages, interest, and taxes. State and city governments will be forced to pay salaries, and giant organizations will be driven to the edge of bankruptcy—some are very close already—as their tax revenues buy fewer goods and services.

Management of the public debt will become a nightmare. The taxing bodies will be forced to seek out new sources of revenue and place still heavier taxes on everyone, at a time when direct expenditures are already talking about one-third of the average income. Our tax revenues will fall short, as they always seem to do, the money will be paid to the government by still more inflation. And up and higher and higher the public debt, up still higher will go prices, and, in the end, still higher and higher the unemployment.

Driving Forces

Unfortunately, there are powerful forces driving us into a trend of higher public and private national labor unions are demanding higher wages and raises, without regard to gains in productivity, and with no concern for the future of the economy.

Is there no such thing as labor pricing itself out of work. During the past 10 years hourly compensation of manufacturing workers has increased 60% more than output per man-hour. In each of those 10 years, the percentage rise in the hourly compensation of workers exceeded the percentage rise in the consumer price index.

Labor has already priced itself out of the export market for heavy electrical equipment. We have, however, one agency in Washington, the Export-Import Bank, which has consistently followed the policy of making loans to foreign purchasers for United States goods and services. If the Export-Import Bank activity should be discontinued, or curtailed, a sizable percentage of current exports of our country to Europe, could disappear, and our country could show how we want to do business and affect both labor and the industry.

The effect of American labor policies also need to be observed. The world rates are increasingly being felt in the domestic market. Real wages in America are rising so fast that government has been forced to raise our net import duties on foreign-made electrical equipment, in a Client, the owners of household goods, at the initial cost, at the sacrifice of the Continued on page 44
The American Way In Tomorrow's World

By HON. BARRY GOLDWATER
United States Senator (Rep., Ariz.)

Senator Goldwater fears atom power will become a more successful entry for public power than hydroelectric power was; urges utility industry to free top men so they may take an active part in developing this power source. He sees the price of electricity at 1938 levels.

"I want to discuss what I consider to be this nation's most fundamental problem - the problem facing us as we analyze and search for the right answer to current political problems. It's a problem which is facing people in every walk of life, and for which there is no clear-cut test as to the role of government in the economy and of labor's preferred devices for private property. The Senator urges the industry to be less timid in making their views known and to devise ways on which should be done to reverse trend toward public power."

"And I want to discuss what I consider to be this nation's most important question - the question of whether or not we have the will as a people to continue as we have in the past - or whether the people want to allow our Constitutional principles and the experiment in our form of government to be destroyed.

"I think it was mostly because Greece no longer cared to fight for anything but the principles on which it had been founded. Greece wanted security more than anything else. And if you want to give to the state but to receive from the state. They just want to be left alone.

"Today we may feel a comfortability of security under our protective cloaks of our Constitution, and of our rights. History, however, has taught us that all such kindnesses are temporary. Only to the curtainless, to see the Horatii first lowered, then destroyed as the people permitted themselves to be poured more power to be concentrated in a tyrant, or a selfish or a national government.

"We are, however, far from being a country of fighting and conflict that led to the freedom we enjoy today. The only clear lesson to be learned from the total experience of mankind is the folly of believing that any government, given excessive power, will for long remain benevolent. Government has nothing to give except that which it has taken away.

"America's way in tomorrow's world will depend greatly on the decisions made and the way in which we wage between those who believe in the prevailing suspicion of the publicists - and those who believe that man's needs go deeper than material things on which the problem depends on the strength of our belief in the principle of freedom to work for those who believe that the state is the crucial thing to the point of complete state control.

"The answer to this problem is, I believe, in the trend toward freedom for the things we believe in. Personally, I have great faith that a people's spirit and the vigor of each man will be preserved and preserved under the conditions that the American people are preserved and expanded and expanded to cope with problems properly in its domain.

"The electric industry is faced with a problem in the development of this new industry. They are finding it, I believe, an important one to our future in your country. In covering this subject, there is no need for me to review the history of Federal enforcements.

"The next thing which I want to discuss is the responsibility for bringing in a new industry into the United States. As this is the case, does it get the credit or does it go some other group of citizens?"

"Does the public know that it has been industry and not government that has made the technological advances which have reduced the price of electricity at 1938 levels?

"Does the public know that electric companies serve over 40% of our farms during the winter months for power for more than 90% of the remaining hours?"

"Do you customers understand that they pay heavy Federal taxes when they buy electricity, taxes that are avoided by those who use their power for Federal or public power bodies?"

"My point is this: In order to get the credit you justly deserve, your troubles would diminish. The public is not going to permit an industry which is a valuable citizen to be kicked around. It does not realize its value. It appears you have a job to do here. Another obstacle you face is that your opponents speak with one voice on all issues, whereas you do not. It is a principle of the entire country, yet constantly moving in on you.

"Electricity is a complex subject - something very difficult for the public to understand. Few recognize or regard it as a monumental industry. It does not pack and sell like soap or carry a brand name. It has its own special vocabulary which is not like any other commodity.

"Its technology, and economics are complex. It is difficult, therefore, to explain even the framework of regulation - the method by which you operate is not clearly understood.

"Moreover, when a man buys or rents a dwelling, electricity is a necessity and seldom thought about. Therefore, people seem to have a different attitude in buying electricity than they do in buying a new family car, or a shoe, or an automobile.

"These characteristics, unfortunately, make it easy for electric utility companies to say, 'We have done more for you than anyone else and you should do more for people.' They argue that 'electric service is operated only by government.' This is pure protectionism providing the American consumer with excellent low service.

"Praises the Industry

"This is the electric industry's true great industries. I have had the pleasure of knowing some of its leaders and I have found them to be outstanding examples of what we would call the American citizen. I have known the industry to have a constructive attitude towards any other and equalled by few.

"From my observations, electric utilities have a real lead in community development. Their officials are either running up or assisting in drives for local goods and services. They are also the only ones who know the effort to create a new industry. You have to be really dedicated to such endeavors. You must have the qualifications for years ahead and have run your government with such willingness and dedication.

"They have the skills and in many cases have the ability in every national economic factor. They are one of the few industries that can and are helping for the future at times when most of our national soul would have pulled back.

"But how much credit does the American government give to the electric industry for those splendid accomplishments?

"When your company is largely

defending the position of your company and your industry in Washington. In this respect public power is not the least bit better.

"Without question, you are concerned about the efforts being made in Washington to silence you. I would only say this: If Congress does not grant some tax relief to your advertising and legislative efforts, I hope this won't deter you from participating up to the hill in such efforts. There is no place in this fight for timidness. Those who are timid will lose their rights.

"We are talking here of matters you can do something about. You have top-flight executives to head up opening engineering, operating, financial, and other divisions. Since politics now is one of the most important, if not the most important activity that confronts you, I'm sure that reason why you should not select a top official to handle this field as his primary responsibility. I do not think you can leave this to an already overcrowded executive or to your lawyers. It requires full-time attention.

"An advantage you have is your coverage. You operate in every state in the Union except Nebraska. I know of no other industry with this advantage.

"You have representative relationships in almost every Congress. Congressional districts which are solidly Republican or solidly Democratic, will be, well acquainted with local officials and opinion leaders.

"One of your opposition groups has organized what it calls 'Municipalities of America,' with the purpose of getting the public to give more interest to the premise that a public service company is to be preferred to a private company. I don't think you need to be afraid of that mentality.

"The most important thing I want to urge is that you hold your hard-surface appointments with Congressmen. Municipalities have been wrong in trying to lay all the blame on utility companies. At the same time, the American consumer must be preserved and expanded by the electric utility industry."

"Super-highway approach to sound investments

"Puerto Rico will soon have nearly a linear mile of modern, hard-surface road for every square mile of its area. These highways face the entire Commonwealth of Puerto Rico, from the Atlantic to the Caribbean.

"There are already more than 2,868 miles of all-weather paved roads in Puerto Rico. A total of 66 miles of super-highways is being added to the Puerto Rico road network.

"The new growth, 99 more in 1939-59, and an additional 300 in 1960-65. These highways will be built to the same standards of hard-surface road and terminals of Puerto Rico to towns and industrial sites in the interior.

"There are in Puerto Rico over 2,000 miles of all-weather paved roads. A total of 66 miles of super-highways is being added to the Puerto Rico road network. The new growth, 99 more in 1939-59, and an additional 300 in 1960-65. These highways will be built to the same standards of hard-surface road and terminals of Puerto Rico to towns and industrial sites in the interior.

"This well-planned highway system is one of the most progressive features that invite attention to the investment opportunity in Puerto Rico. They include the tax-exempt property which is non-taxable for the Puerto Rico corporation's holding its municipalities, and the tax-free revenue bonds of its Authorities. Your bank or stock dealer can give you full data."

"Government Development Bank Financing

"The Federal Government has determined to provide Puerto Rico with a hard-surface road network to the nation's capital. This road network will be built to the same standards of hard-surface road and terminals of Puerto Rico to towns and industrial sites in the interior.

"This well-planned highway system is one of the most progressive features that invite attention to the investment opportunity in Puerto Rico. They include the tax-exempt property which is non-taxable for the Puerto Rico corporation's holding its municipalities, and the tax-free revenue bonds of its Authorities. Your bank or stock dealer can give you full data.

"GOVERNMENT DEVELOPMENT BANK FINANCING:

P. O. Box 610, San Juan, Puerto Rico
37 Wall Street, New York 5, N. Y.
Except for some drugs, electronics, special issues and occasional "blue chips," in some of the blue chips, the stock market did a lot of coasting this week, profit-taking rather quick and a rather quiet move in on the sprints and overall turnover holding to a rather moderate clip.

All the words of warning against unbridled speculation of a week ago, and the continuing possibility that the new advance will bring new restrictions from the Federal Reserve Board, kept much of the market restrained. And it also appeared to heighten interest in the quality section, notably in important industrial and national Business Machines which raced ahead a dozen or more points at a clip to make it a relatively more or less quiet and level market.

Interest Centered in Splits

The rush of stock splits and stock dividends that a week seemed to bear the moment to be heading for an all-time record this year was drawing undesirably high interest, and it was apparent that the promise already should have been well discounted. On the other hand, the sharp pick-ups in earnings weren't much in the way of a market factor, the good news seemingly having been anticipated, except in a few stray cases like du Pont. Here company predictions of a jump in profit of up to 70% over the first quarter last year was even better than had been anticipated.

Steel's fairly buoyant but far from showing any excessive strength as some of the mergers with an eye on the large inventory rebuilding in anticipation of a strike started taking a drop of 3$-40 per ton in operating rate if a labor tieup is avoided. The first quarter results, however, were expected to show improving earnings and the gains but were still not in full flood from the larger companies.

An indication of just how sharply the steel company fortunes are changing was offered in the Jones & Laughlin report which showed a spurt from 6.1 million pounds last year to 7.2 million pounds last year to 15.7 million this year.

Rails About "Confirm"

Rails were able to work higher and were at something of a crossroads with only a couple of points making any real move in the up drive. But the investors putting them in line for a 1959 high and add confirmation to the previous peaks of industrials and utilities.

Oils found little to celebrate except in a few special occasions like Tidewater which was a prominent exception on the lists of new highs as it was confirmed that there are merger talks with Skelly Oil although it is still too early to ascertain if a definite merger or acquisition is going to be feasible. For the internationals there was the disturbing element of the possibility that Iraq would seek to use the more-or-less traditional 50-50 profit split. This would upset for a period the Royal Dutch, British Petroleum, Socony and Standard Oil of New Jersey which are involved.

Utilities were also a bit hesitant, some large blocks showing up both in listed trading and as off-board offerings, price action was fair for the moment of sizable realignment of important portfolios.

Motors Rally

In the motor section the meeting of the minds has been Ford, which edged to the highest standing it has shown since it was listed in 1956. General Motors featured a volume occasionally while Chrysler is the candidate for the best rebound throughout the year, odd year, usually inclined to lag.

There are indications that Ford has been showing the better results so far this year. With General Motors, which is solidly in the lead, managing over a more popular marketwise, the edge pretty much taken against the Ford. The heavy competition in the Big Three in the economy car field this Fall.

Interesting Shipping Item

A rather strange newcomer in the field has been Lyke Bros. Steamship. The stock became available publicly about a year ago and has yet not taken off of its listed trading. It moved narrowly, holding in a 24-19 range last year, and was even more restricted within this range in the first 20-21 until it broke through on the upside this week.

The company is a family operation, its activities in the field are red, as analysts like to put it, a case of a company worth more dead than alive. Against its 50 shares outstanding, it has a book value in excess of $100 a share, and the cash and governments held prior to the current investment program alone add up to more than the market price. It has a low times-earnings ratio, apparently somewhat time times until it began moving, and on its conservative $1 dividend payment basis a 10-year average yield of around 3 1/2%.

Something of a question mark is the low-priced Lehigh Valley Industries. The stock is definitely a speculative item, but there has been little else in the way of a play when it was announced that it was withdrawing from the coal business. The obvious implication is that it will have some income from the properties leased to another coal operator. Furthermore, it has a couple of subsidiaries, Steadley Co. and Signal-Stat Corp., acquired last year and, although the results were poor, it failed to cover the coal deficit. Then the company moved to pave the way for a future improvement in utilization and the prospect of cash in the form of dividends in this operation. But it was out of the picture, all up in the air and what the future holds for the company is by no means assured.

Revival of "Monkey-Ward"

The better-than-average yields available this week in Montgomery Ward which, after years of stagnation, is now spreading its corporate profits and returns to a wider public, a n-d expansion of several big, one-end of the major interests in the Ward's, banks, and in numerous instances were greater effects to the losses resulting from the outermost war, a major problem. Their profits are a good source of income to the banks, as they are in most cases long-term, and hence are taxed at a maximum rate of only 50%.

Let us look at the first quarter earnings of the leading New York banks. Here are given in the table, along with operating figures for the 12 months through March 31, in both cases, compared with the comparable 1958 showing:

<table>
<thead>
<tr>
<th>Bank</th>
<th>1st Quarter 1959</th>
<th>12 Months 1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers</td>
<td>$1.49</td>
<td>$1.82</td>
</tr>
<tr>
<td>Bank of New York (d)</td>
<td>4.35</td>
<td>5.89</td>
</tr>
<tr>
<td>Chemical Corp. (a)</td>
<td>1.05</td>
<td>1.13</td>
</tr>
<tr>
<td>Empire (b)</td>
<td>2.43</td>
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</tr>
<tr>
<td>First City</td>
<td>1.24</td>
<td>1.39</td>
</tr>
<tr>
<td>Guaranty</td>
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<td>2.56</td>
</tr>
<tr>
<td>Irving (b)</td>
<td>0.65</td>
<td>0.62</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>1.01</td>
<td>1.03</td>
</tr>
<tr>
<td>P. M. Dupont</td>
<td>2.06</td>
<td>2.26</td>
</tr>
<tr>
<td>1st National Trust &amp; Savings (c)</td>
<td>1.52</td>
<td>1.57</td>
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Includes First National City Trust Co.

* Adjusted for stock dividend.
* In billions of dollars.
* Deficit for 12 months September, 1958, $1,380,000,000; in billions of dollars, 1957.
* First quarter report and 1st quarter dividend dividend.
* In billions of dollars.
* 1959 report and 1st quarter dividend dividend.
* Deficit for 12 months January, 1959.

Bankers, however, have been the big story of late. Morgan has been raising dividends. It is still low relative to operating earnings, Guaranty has asked a large proportion of the total earnings to dividends. In the summer, it began to pay out 10% of its dividends, and now that new tax laws have gone into effect, it is likely that the dividend will be very much higher than Morgan's present $100, and may be as high as Guaranty's $104, including the 80 cent extra.

Earnings, too, have for some years also consistently kept their dividend low, relative to earnings. There have been several stock dividends by Kepner in the past few years, and as the shares have been maintained on the same $5.00 annual basis, the stock dividends have, in essence, increased the number of shares for the holder who has right through.

**COMPARISON & ANALYSIS FIRST QUARTER 1959**

<table>
<thead>
<tr>
<th>New York City Bank Stocks</th>
<th>Bulletin on Report</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1.52</td>
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Includes First National City Trust Co.

* Adjusted for stock dividend.
* In billions of dollars.
* Deficit for 12 months September, 1958, $1,380,000,000; in billions of dollars, 1957.

**NATIONAL AND GRINDLAYS BANK COMPANY LIMITED**

14 BISHOPSGATE, LONDON, E.C.2

London Branch: 54 PARK ROW, NEW YORK, N.Y.

Banks in the United States, Canada, and the British West Indies.

Branches in:

CALIFORNIA:

JAMES'S BANK LIMITED, 130 S. DOWNTOWN, LOS ANGELES, CALIF.

In the book value tabulation, however, J. P. Morgan & Co. shows significant gains and growth and Guannany one of the smallest increases, it is to be noted that Morgan's dividend is low relative to operating earnings. Guaranty displays a large proportion of the total earnings to dividends. In the summer, it began to pay out 10% of its dividends, and now that new tax laws have gone into effect, it is likely that the dividend will be very much higher than Morgan's present $100, and may be as high as Guaranty's $400, including the 80 cent extra.

Earnings, too, have for some years also consistently kept their dividend low, relative to earnings. There have been several stock dividends by Kepner in the past few years, and as the shares have been maintained on the same $5.00 annual basis, the stock dividends have, in essence, increased the number of shares for the holder who has right through.
Gulf Oil's 58th year was marked by record activities in all major departments. World-wide oil production was up 13%, refinery runs 2%, and refined product sales 8%.

Net income was $329 million, the second highest in the Company's history. Gulf's working capital showed a substantial improvement over the previous year notwithstanding the lower earnings and the continuation of heavy capital expenditures.

The financial and operating highlights from the Gulf 1958 report are presented here.

### CONSOLIDATED FINANCIAL DATA

<table>
<thead>
<tr>
<th></th>
<th>1958</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$329,533,000</td>
<td>$354,284,000</td>
</tr>
<tr>
<td>Net Income Per Share</td>
<td>$10.17</td>
<td>$10.94</td>
</tr>
<tr>
<td>Cash Dividends Paid</td>
<td>$77,716,000</td>
<td>$73,823,000</td>
</tr>
<tr>
<td>Cash Dividends Paid Per Share</td>
<td>$2.50</td>
<td>$2.50</td>
</tr>
<tr>
<td>Stock Dividends Paid</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$3,430,019,000</td>
<td>$3,240,571,000</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$565,498,000</td>
<td>$450,031,000</td>
</tr>
<tr>
<td>Net Sales and Other Operating Revenues</td>
<td>$2,769,377,000</td>
<td>$2,730,083,000</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$401,245,000</td>
<td>$546,433,000</td>
</tr>
<tr>
<td>Depreciation, Depletion, etc.</td>
<td>$261,165,000</td>
<td>$252,263,000</td>
</tr>
</tbody>
</table>

### OPERATIONS DATA—DAILY AVERAGE BARRELS

(Includes Gulf's equity in companies less than 100% owned)

<table>
<thead>
<tr>
<th></th>
<th>1958</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Crude Oil, Condensate, &amp; Natural Gas Liquids Produced</td>
<td>1,396,782</td>
<td>1,253,775</td>
</tr>
<tr>
<td>Net Crude Oil, Condensate, &amp; Natural Gas Liquids Produced</td>
<td>1,298,869</td>
<td>1,151,438</td>
</tr>
<tr>
<td>Crude Oil Processed at Refineries</td>
<td>698,133</td>
<td>682,215</td>
</tr>
<tr>
<td>Refined Products Sold</td>
<td>806,699</td>
<td>747,198</td>
</tr>
<tr>
<td>Natural Gas Liquids Sold</td>
<td>110,169</td>
<td>106,301</td>
</tr>
</tbody>
</table>

(A limited number of copies of Gulf's report is available to customers. Write to Room 1300, P. O. Box 1166, Pittsburgh 30, Pa.)
Illusions Cost Too Much

BY VICE-ADMIRAL H. G. RICKOVER, U. S. N.
Assistant Director for Naval Reactors, Division of Reactor Development, U. S. Atomic Energy Commission, and Assistant Chief of the Bureau of Ships for Nuclear Propulsion

With clairvoyant detachment, Admiral Rickover exposes what he calls "the fallacy of the grandiose" and "the illusion of our illusions about our standard of living which he attributes to be more a product of luck than of brains. The Navy's nuclear pioneer, perhaps mindful of his own experience, pleased we should be more indifferent to the illusions. He goes on to explain why our devotion to economic growth may prove to be an actual liability; posits a Malahusian specter of nonrenewable resource consumption as an exponent of popula-

tion, and underscores the need for a "dismantle" due to detrimental-delusion that our affluence is due to our superiority rather than good fortune. Convinced of our great untapped potentialities, the Admiral urges us to conserve our material and human-planned obscobles, and more education; cease monetarily favoring those who use ideas and material over those who think up ideas and create new materials; and never cease

When athletes enter a race, they come prepared to the best of their ability; as near to physical perfection as they can achieve. But effective advantage is far more a matter of disciplined effort, intelligence, and courage. What is true of athletics is as true of our lives. We are all engaged in a race today. All are competing for the same goals. We are all our life's work, our education, our training, our efforts. We are all trying to win what we have set out to win. We are all trying to achieve the best possible set of conditions for ourselves and all around us.

When we talk about the "good life," we must realize that it is not simply a matter of having enough to eat and not having to worry about the next meal. It is a matter of having the best possible conditions for the people who share our lives. It is a matter of having the best possible conditions for the people who share our lives. It is a matter of having the best possible conditions for the people who share our lives. It is a matter of having the best possible conditions for the people who share our lives.

The key to this is education. Education is the key to our future. It is the only way we can hope to make the best possible use of the resources we have. It is the only way we can hope to make the best possible use of the resources we have. It is the only way we can hope to make the best possible use of the resources we have. It is the only way we can hope to make the best possible use of the resources we have. It is the only way we can hope to make the best possible use of the resources we have.

The education system of this country is in serious trouble. It is not providing the kind of education that is needed to meet the challenges of the future. It is not providing the kind of education that is needed to meet the challenges of the future. It is not providing the kind of education that is needed to meet the challenges of the future. It is not providing the kind of education that is needed to meet the challenges of the future. It is not providing the kind of education that is needed to meet the challenges of the future.

The solution to this problem is education. The solution to this problem is education. The solution to this problem is education. The solution to this problem is education. The solution to this problem is education.

We must work to improve our education system. We must work to improve our education system. We must work to improve our education system. We must work to improve our education system. We must work to improve our education system.
Nat'l Bank Women
Spring Conferences

The National Association of Bank Women has announced the following series of conferences, which will be attended by the Group's President, Charlotte A. Engel, National Savings and Trust Company of Washington:

May 1-3, Middle Atlantic, North Atlantic and New England Conferences to be held at Pocono Manor Inn, Pocono, Pa.

May 8-9, Mid-West, Lake and Northern Conference, at Netherland Hilton, Hotel, Cincinnati.

May 10-12, meeting of 1959 National Convention Committee, Hotel Schroeder, Milwaukee, Wis.

Merrill Lynch Adds

Merrill Lynch has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 310 Montgomery Street.

Promote Anniversary Dinner for Hospital

Leonard Zahn, of Brookfield and Co., is an associate Chairman of the 60th Anniversary Dinner of the National Jewish Hospital at Denver. Leon A. Rosenbaum, Vice-President of the Manufacturers Trust Company, is a Vice-Chairman, and Samuel Wechsler, broker, is helping promote the dinner as a hospital trustee.

The dinner will be held May 13 at the Waldorf-Astoria Hotel in New York. The guest of honor will be E. E. Oliver, Vice-President of Sears, Roebuck and Co.

The event will benefit the Denver Institute, a non-sectarian medical center for free care and research in tuberculosis, asthma and other chest diseases and heart surgery.

Einer Paulsen Adds

Einer Paulsen has been added to the staff of Einer Paulsen Investment Security Company, 1616 Washington Avenue.

Well-seasoned, ready to serve

America's second largest telephone system!

At Gen Tel, service is a "specialty of the house.

We're putting out in every way to give the users of our 3½ million phones the finest communication possible.

Example: by installing new phones at a record-setting pace, we are enabling more people to communicate with one another.

Example: by developing new products and introducing new equipment, we are enabling more people to communicate more easily.

Gen Tel is determined to give its growing "family" nothing but the best. We know how vital the telephone is in modern American life.

Our job is to make it even more convenient and economical.

General Telephone Corporation, 260 Madison Avenue, N. Y. 16, N. Y.
Electric Power for a Strong America

By J. E. CORRESCI
President, Edison Electric Institute

President, The Montana Power Company Bank, Montana

Electric utility industry's spokesman pleads ample, timely power for defense and economic growth, but foreboding warns of consequences of Federally or nationally financed competition. The Montana Power head buttresses his plea of power resources with statistics on the importance of a well-stocked electrical system, and plans for further expansion, and he proudly cites industry's stabilizing effect on our recent recession. Referring to U.S.R.'s generating capacity, he points out that it has steadily increased in the last 15 years and will widen still further in the years immediately ahead. The industrialist describes the growth of "political electrification" and he submits a seven-point program of individual, company, and national economic encouragement.

We are living in a troubled world. Our freedoms, our beliefs, our institutions, are threatened by an alien philosophy which attacks us both from without and lands and from within our own country. To protect this nation from foreign armies and ideologies, we must have a strong and sound economy.

Our nation's resources for defense, our national security, every part of our complex economy, are dependent upon an abundant and never-failing supply of electrical power.

Government ownership of utilities has always been the first goal of the socialists and communists. Because of this, the future of the American system of government is dependent on the electrical business continuing in the hands of investor-owned, taxing companies. This places upon everyone in our industry a double burden both as consumer and as employee and as a good citizen. Our problem is not only to save our industry, but to save the American system of government with its great benefits to the people.

Electric Utilities During the 1956 Recession

No one can underestimate a program entitled "Electric Power for a Strong America" without first understanding the necessity and growth of the investor-owned electric power industry in these last few decades, during the 1956 recession and its remarkable contribution to the economy of America during that difficult period. Our feeling is very great indeed. America today is in a strong position in regard to electrical power for defense and economic growth.

Wages and Salaries: In all industries in 1958, wages and salaries fell off 0.7 percent, while in our industry they rose 4.7 percent.

1959 Looks Good

The industry will do better in 1959 than it did in 1958. We estimate the added need for electrical power will be about 300,000 kilowatts. This will come from new sources, and we expect about 30,000 kilowatts of new capacity will be added. The added need for electrical power during the year, the industry should also add a million customers to its present 15 million. Average annual residential use should exceed 3,500 kilowatt-hours.

In conclusion, the new program, which in 1958 6 billion kilowatt-hours, another all-time high.

1958-68 Decade

In our industry it is not enough to look only at what may happen in one year or a year from now. We must forecast on past experiences, on knowledge of present facts and future trends of knowledge of future requirements. We must, therefore, use the accumulated experience judgment. These predictions reflect two basic assumptions:

1) That there will be no major war.

2) That there will be a continuation of the free enterprise system.

Capabilities, Generation, Customers: Generating capability is expected to increase from 7,000,000 kilowatts in 1958 to 14,000,000 kilowatts in 1968. This increase will be modern and efficient and will be needed to meet the demands of nuclear-fired stations. Generating capability is expected to increase from 6,500,000 kilowatt-hours to 13,000,000 kilowatt-hours in 1968.

Gross Plant in 1958: Gross plant will increase by 115% as a result of新建. The investment in the 1958 investment of $50 billion. This is expected to create 500,000 new jobs.

1958 in Revenue: Revenue should increase from $4.5 billion in 1958 to $7 billion in 1968, representing a 55% increase over 1958 levels. The proceeds of the program outlined will make available an additional capital of $3 billion to power the government to keep America strong.

Size of the Job Ahead

The figures I have shown for 1968 are now the peak power level for the future to continue to supply power for a Strong America. We have not had one company in the electric utility industry to continue to have an monumental job if our industry is to carry out these predictions and to do the things that make available facilities and render the service necessary to keep pace with the growth of America. We have done it in the past. We can do it again.

Comparison with Russia

Statements have been made that Russia's development of electrical power is 14 of the United States and, by inference, that our own industry is lagging. Let us look at some realistic facts.

For Capita Generation 1940-57: The average per capita generation of Russia for the 1950-57 period.

1957, per capita production of electricity in this country was 5,400 kilowatt-hours, while in Russia it was 4,344 kilowatt-hours.

Continued on page 29

Underwriters - Distributors - Dealers

PUBLIC UTILITY, RAILROAD INDUSTRIAL and MUNICIPAL SECURITIES

W. C. Langley & Co.
Members New York Stock Exchange
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Bankers Trust Company, The Chase Manhattan Bank, The First National City Bank of New York, The First National Bank of Chicago, Lehman Brothers, The First Boston Corporation, Halsey, Stuart & Co. Inc. and Phelps, Fenn & Co. are joint managers of the group that is offering publicly, April 14, an issue of $80,161,000 Commonwealth of Massachusetts 4% bonds at yields to price from 2% for those due 1969 to 3.65% for the 1996-2009 maturities. The group submitted the only bid for the issue: 100.482 for the 3¼% coupon, a net interest cost of 3.464%.

Rated A by Moody's, the bonds are direct general obligations of the Commonwealth for the payment of which the full faith and credit of the Commonwealth will be pledged and for which the Commonwealth will have power to levy unlimited taxes on all taxable property. They are being issued for various purposes.


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KANSAS CITY, Mo.—Franklin H. Brinkley has become associated with A. C. Allyn and Company, incorporated, 101 West 11th Street. Mr. Brinkley was formerly with Barret, Fitch, North & Co., Inc., and Zahnier and Company.

There's more to Cities Service than meets the eye!

Some dubbed it "Seward's Icebox," others "Seward's Folly." Cities simply could not foresee that Secretary of State William Seward's purchase of Alaska for $7.200,000 would return many times its price.

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Only in this way can America be given what she needs for progress—more jobs, more and better petroleum products.
The Challenge of Soviet Power

By ALLEN W. DULLES
Director, Central Intelligence Agency

There are many comforting and comfortless assessments in this analysis of the nature and magnitude of USSR's economic, military and diplomacy that we are not afraid of it, in our own power. We are willing to devote the necessary share of our power, skill and resources to our preservation. The author draws a grim conclusion: That a greater investment of world power, as in the first Soviet economic development, is the most crucial to free world's survival; and reviews Khrushchev's subversive record and its unwillingness to honor agreements.

My topic is particularly appropriate for the Edison Electric Institute. It was Lenin who defined "Communism as the "society of the elect."" Thus the question of the world-wide development of the capitalist electric power system.

In effect, the Soviets propose to electrify Marxism. They may, in fact, do so in either a whole, national, or not so whole, political direction to keep the rest of the world. As a result, they threaten the whole structure of the Western economic system. The only way to prevent this is to accelerate the Western economic power by developing an electric power system that is more efficient than the Soviet electric power system.

A Triple Threat

In my own business of intelligence, the various manifestations of electrical power are changing the whole system of information collection and distribution. In many vital fields, electricity operates the data base which is on watch against sneak attack. It is the most possible the ready transmission of warning.

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Continued on page 28
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Continued on page 42
Electric Utility Pricing Policies for Tomorrow

By ROBERT S. QUIG
Manager, Rate Department, Ebasco Services Incorporated

Electric utility management is told that one of the most important problems facing it is the fashioning of new pricing policies. Many of the traditional methods of pricing by sales by 1978, compared to today's, involving increased investment of over $150 billion in order to bring installed capital four times the present 145 million kilowatts. Keeping this in mind, he then returns to the problems of difficulties caused by inflation, the crucial role electric rates play in the issue of public-versus-private ownership, and the industry's tremendous need to obtain outside capital and money at the lowest costs. The Ebasco executive calls for new regulatory and depreciation policies, offers a six-point rate making guide, and warns rate-construction is no longer a one-man job.

Every economic indicator available points to the fact that the electric utility industry faces a continuing rate of rate increase. The increase in the nation's economy is forecast by the level of Gross National Product, together with the significant increase expected in population and family formation, making evident the demands for electric energy that will well produce sales at the end of the next 20 years approaching three trillion kilowatt-hours, which is three times today's sales. Installed capacity today is 145 million kilowatts. The period will probably be over four times the present 145 million kilowatts. Assuming that privately-owned electric companies will continue to represent the present ratio of ownership in the future, over three trillion-plus kilowatts of construction expenditure must be made by them to attain their objectives. The cost of this increase in construction will involve billions of dollars, and no matter how the nation grows, the industry must make it internally only one-third of its requirements.

Function of Rate Making

The growth picture that is portrayed here is forcing utility managers to consider of themselves these three questions:

1. What is the utility price structure? 
   An address by Mr. Quig before the 27th Annual Convention of the Edison Electric Institute, New Orleans, La.

2. Will the regulatory concept be broad enough to assure adequate service to customers and satisfactory return to investors?

3. How should the utility be organized at the rate and economic research level to successfully carry out tomorrow's pricing policies?

The fundamental purpose of all public utility rate making policies is to provide adequate service to customers at the lowest costs, and at the lowest cost, that is the important element.

In developing the price structure for tomorrow, it is clearly evident that there must be a re-examination of past policies and practices. More specifically, an examination of the underlying economic changes that are taking place during this inflationary era. For the most part, the rate structure used by electric companies today was developed around conditions of the pre-inflationary years.

The pricing structure of a utility must recognize the basic economic conditions of investment and expense on the one hand, and the effect of its services on the other. Fundamentally, the electric utility business is a business of "fixed and running charges." Considerations of policy determine the extent to which the fixed charges are spread on a unit basis over the running charges.

A series of charts shows where the electric utility industry, as represented by the Edison Electric Institute, is compared to the investor-owned electric companies, stands today at the end of 11 years of inflation. The trend of Return

The trend of return on net electric plant investment, according to the Commodity for working capital, shows a return in 1948 of 6.11% which has gone down to 4.13% for the year 1958. It is clear by all these troubles that this is the sole base for determination of return. The guiding principles of public utility rates are available to utility regulatory commissions, control of the legislation of the many states. I will touch upon this later. The charts reveal that there has been a decline of about 9% in the rate of standard of rate base in the face of ever increasing inflation.

Chart I shows the trend of costs of electric utility capital as measured in general, percent of total capital stock and preferred stocks sold in the 11-year period. I have included the trend of 24 utility common stocks (Moody's) to indicate the trend of corporate or equity capital. It must be recognized that the trend of common stock capital is not measured simply by relating present market prices to past costs. The Index of the Committee on Corporation Policy for Pressure Release, a ratio is "inadequate as a measure of the cost of common stock capital.

The downward trend in the value of capital, if utility equity is in large part attributable to the fact that we have followed the general inflationary up-trend of the market, the decrease in the relative price of stocks expect higher earnings will be necessary to maintain the same level of earnings was an important element of the regulatory process. If the inflationary trend continues and utility equity cannot be accepted as attractive on an earnings basis as alternative sources of investment of reasonably comparable risks, then the position of utility equity securities are damaged. The ultimate test of a security's value is whether its real earnings will continue to generate returns at rates of income in the years to come if utility equity are to sell on their own merit. With the inflation of utilities of unregulated businesses.

Utilities face the demand for new plant at rising costs and fixed plant is an important element for new capital, it is clear that the demand for new plant at rising costs is vital to new capital, it is clear that the demand for new plant at rising costs is an important factor in the upward path of inflation.

There has been a substantial change in the electric utility companies' economic posture as measured by the proportion of investment necessary to produce a dollar of revenue. The rate increase in 1948 it took $3.44 of electric plant investment to produce one dollar of revenue. By the end of 1958 it took $4.67. Looking at the situation incrementally over the same period of years, it took $5.04 of investment to produce one dollar of revenue. It is well known that a business, to be successful, must operate at the fullest utilization of the invested dollar. Proper pricing, expanded investments, and an examination of the case of utilities—regulatory cooperation and understanding can do much to improve this condition.

The cost of Total Electric Plant in Service, as measured per kilowatt of installed capacity, has gone from $230 in 1948 to $344 at the end of 1957. Production of energy per kilowatt-hour has increased from $1.63 to $1.85, an increase of over 18%. The economic change is due to a relatively better position than the years preceding and, on the whole, it is probable that fossil prices will keep pace with other rising prices.

Trend of Operating Expenses

The increased investment in distribution systems has brought with it a change in distribution. Distribution Expense Per Customer has gone from $11.30 in 1948 to $14.97 in 1957, an increase of 32.5%. Customers' Accounting Department costs have increased from $4.27 to $5.75 per customer, an increase of over 34%. Much attention has been directed toward mechanization and in electronic data processing in order to take the place, the volume of work would increase, and at much higher unit costs.

Sales Promotion Expense

The growth laws and experience would indicate a reappraisal of utility sales efforts if customers are to achieve maximum satisfaction in the utilization of the appliance investment and the financial planning is pegged to World War II, the industry was spending about 3% of its gross sales volume or sales revenue. In 1948 sales promotion expenses were only 1.6 cents per dollar of revenue. In 1957 it was still 1.6 cents of each dollar of revenue, except for promotion since the industry is operating considerably less for sales promotion effort today when plant investments have certainly not been at highest levels. The Gold Medal Award competition for best appliance investment on the market, the National Fire Protection Association $4,000. Now, this is not much more investment, if any, than the home Owners association and their well-equipped home utilizing all electric service. The trend of promotion, there is expense demonstration of the advantage of an increased utilization in future price policies.

A chart which is the product of the Edison Electric Institute tells a very revealing story. It demonstrates how the improved sales rates per kilowatt-hour from the more efficient units have lowered the Fuel Use Per Kilowatt-hour, which has been primarily responsible for the Costs of Fuel Per Kilowatt-hour holding fairly steady in spite of rising fuel prices. The increased generating efficiencies have been due to the fact that after additional capital has been invested, with additional fixed charges. Two facts now stand out. First, the future technical advances may not produce a decline at the same rate as the past. As the future costs of natural gas contracts understandably carry out the cost of fossil fuel, but natural gas prices generally keep in line with other competitive fuels. At the moment, future costs for natural gas appear to be in a relatively better position than the other potential fuels. On the whole, however, it is probable that fossil prices will keep pace with other rising prices.

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Continued on page 36
States Girding to Tax Interstate Business

Findings by the Commerce Clearing House show 28 states already have or are preparing to enact state statutes that threaten, to tax the locally earned income of interstate businessmen. The Commerce clause is said to longer serve as a shield against state taxation and a finding of uncon¬stitutionality may also be made to escape double taxation.

State governments are moving rapidly to tax the locally earned income of corporations operating interstate as recently approved by the U. S. Supreme Court, according to Commerce Clearing House, national reporting authority on tax and tax law.

Legislation just enacted in Idaho and Utah brings to 28 the number of states that already have the necessary statutory provisions to tax the income earned by companies operating exclusively in interstate commerce. Other states holding regular legislative sessions this year could take action to bring their taxing systems in line with this new revenue source, the CCH report said.

States already in position to tax interstate business are: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maryland.

Also, Minnesota, Mississippi, Missouri, Montana, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Wisconsin.

Expanded taxing liabilities also threaten interstate businesses operating in seven other states where corporate income taxes are levied on interstate business already: Connecticut, Massachusetts, Montana, New Jersey, New York, Tennessee, Vermont.

Question of Impact

As businessmen become increasingly aware of the implications of the Supreme Court decision, they will realize that thousands of companies doing a multistate business have been stripped of immunity from taxation by any state which chooses to levy a tax on income earned within its borders—on income being earned as interstate commerce, the CCH said.

Many corporations have kept careful watch on their out-of-state activities to assure that "local" income from business was avoided. In most instances, this technique has enabled them to use the Commerce Clause of the U. S. Constitution as a shield against state taxation. Today, the Commerce Clause offers no such protection, the CCH added.

One result of the Court's action may well be that a number of multistate corporations will be required to pay taxes to several states, amounting to a percentage of more than 100% of their net income.

However, the Court recognized that, while in practical operation the varying apportionment formulas in state income tax laws may result in double taxation, the taxpayer will have to show that the formulas place an unconstitutional burden on interstate commerce, in order to avoid the full effect of state income taxation, the CCH report said.

To Form Rittmaster Co.

David H. Rittmaster, member of the New York Stock Exchange, and D. Paul Rittmaster will form the Exchange firm of David H. Rittmaster & Co. April 1st, with offices at 13 Broad Street. Both are partners in Purges & Co.

New Officers Elected by Edison Electric Institute

Annual Convention of electric power industry elects Allen S. King as President and Sherman R. Knapp as Vice-President commencing this June 1.

The twenty-seventh annual convention of the Edison Electric Institute, meeting in New Orleans during April 6-8, selected as its President for the forthcoming year Allen S. King, President of the Northern States Power Company, Minneapolis, Minn., and Sherman R. Knapp, President of the Connecticut Light and Power Company, New Haven, as Vice-President. The terms of office run from June 1, 1959, to May 31, 1960.

Newly Elected Directors

The newly elected members of the Edison Electric Institute's Board of Directors, with terms beginning June 1, 1959, and expiring June 1, 1962, are:

E. R. Acker, President, Central Hudson Gas & Electric Company.
W. L. Cisler, President, The Detroit Edison Company.
G. W. Evans, President, Kansas Gas & Electric Co.
O. T. Fitzwater, President, Indianapolis Power & Light Co.
R. A. Gibson, President, Hartford Electric Light Co.
R. E. Ginna, Chairman, Rochester Gas & Electric Co.
E. L. Lindseth, President, Cleveland Electric Illuminating Co.
J. W. McAfee, President, Union Electric Company.
H. M. Miller, Chairman & President, Columbus & Southern Ohio Co.
E. M. Naughton, President, Utah Power & Light Co.
J. L. Rice, Jr., President, West Penn Electric Co.
H. P. Taylor, President, Wisconsin Public Service Co.
O. Titus, President, Metropolitan Edison Co.
D. J. Tuexner, President, Oklahoma Public Service Co.

Mr. King's Background

Vice-President of the Institute since last June, Mr. King will succeed J. E. Corette, President and General Manager of The Montana Power Company, as head of the trade association of the nation's investor-owned electric companies.

Mr. King has been President of Northern States Power Company since 1954. He began working for NSP as a meter repairman while still in high school, and continued to work for the company during summer vacations from Massachusetts Institute of Technology, where he graduated in 1922 with a degree in electrical engineering.

His first full-time assignment with NSP was as engineer on a steam main construction job in Fargo, N. D. This was followed by a year in the credit department of the company's Minneapolis office and by assignments in the testing laboratory and the Riverdale steam generating station.

He joined Fargo division manager with general supervision of the company's activities in North Dakota.

He was elected Executive Vice-President in 1951 and elected President of the company in 1954.

Mr. King has served on the Edison Electric Institute's Advisory Committee and its Atomic Power Committee, and is a member of its board of directors. He is also a member of the board of directors of the Northwest Bancorporation, the Northwestern National Bank, the Community Chest, the Minnesota Orchestral Association, and the Minneapolis Foundation. He is also a member of the Association of Edison Illuminating Companies, and the Engineers Club of Minneapolis.

Mr. Knapp's Background

Mr. Knapp has been President and a Director of The Connecticut Light and Power Company since 1962. He joined the company in 1928 upon graduation from Cornell University.

He served as an Engineer in the operating and sales departments until 1937, when he was made Manager of the New Milford District. In 1941 he became Assistant to the Sales Vice-President and he was named Assistant to the President in 1948. In 1949 Mr. Knapp was elected Executive Vice-President.

He is a Vice-President and a Director of Yankee Atomic Electric Company, which is owned by a group of 11 New England utilities joined together to construct the area's first atomic electric power plant.

Mr. Knapp has been a member of the ERI board of directors and served on a number of Institute committees, including the General Division Executive Committee. He has served as President of the New England Gas Association and the Electric Council of New England. He is presently a Director of the National Association of Manufacturers and a member of the National Industrial Conference Board and the National Planning Association. He served as Chairman of the Connecticut Flood Recovery Committee following the floods of 1955.

He served as a Director of the Connecticut Bank and Trust Company, the Emhart Manufacturing Company, the Hartford Accident and Indemnity Company, the Hartford Steam Boiler Inspection and Insurance Company, and Scovill Manufacturing Company.
Government’s Role in Nuclear Power Development

Energy Commission, I invite the effort and cooperation of every one.

Peaceful Application Since 1954

In just five years ago, the Congress of the United States decreed "A Commission for the peaceful application of atomic energy for public purposes." This establishment was followed by several United States policy that our efforts should be directed towards the development of atomic energy for the general welfare and to raise the standards of living in the United States. The President and the Congress decreed that this great new source of energy should be dedicated to man’s betterment — not to his annihilation. This responsibility was placed with the Joint Committee for Atomic Energy and with the Atomic Energy Commission. The former shape the national policy through legislation and acts as "watchdog" for the Congress to see that this policy is properly implemented. The latter is the executive agency which carries out the goals of the two groups in protecting our nation’s precious atomic assets. The relationship between the Commission and the Joint Committee is determined by the wording of the Act that, "The Commission shall keep the Act and Committee fully and currently informed with respect to all matters relating to the Commission’s activities." Both have by law vast responsibility for our national atomic policies.

As one relatively new in the picture of our atomic assets, the differences in the fundamental approach of the Commission and the Joint Committee in establishing national objectives, I am particularly pleased with what is accomplished as it exists today. I am impressed with the thoughtful consideration and understanding of this committee, and I strongly believe that the Senate and Congressmen are committed to seeing this great source of energy for the general welfare of all.

You are interested in power and my purpose is to discuss nuclear power. It is my opinion that we need to look hard into this technology because I believe we know more about this difficult and at times forbidding science than do the people of other nations. In saying this I admit that at least one country and possibly two, are producing more kilowatts of electricity from the atom than we are. Moreover, this situation will continue for some time.

The question is often asked, why is this so? Are we slipping? My answer is, no. It is impossible to say that the cost is not important to us. We have the lowest cost power of any atomic reactor in the world. Moreover, we have abundant supplies of power and atomic fuel. What is important then is to advance "know-how" — to be the first to solve our power and atomic power problems. This calls for a more adequate program of development. It does not call for large quantities of kilowatts of electricity. In some countries, less fortunate than we, have allowed themselves the luxury of high-cost atomic power produced in first generation plants. By doing so they betray their better power costs, save imports of fuel, stop drain on their currency, and by employing their production of plutonium and energy produce weapons material to meet their needs.

The policy makes good sense for them, but not for us. Had we made a similar decision, our great monoliths, the Savannah and Hanford River could be producing millions of pounds of plutonium in addition to plutonium. However, these kilowatts are not up to the standards. In my opinion, a national liability, rather than a nation’s asset, will be created as a result of the high cost of the power produced.

Basically, we must create atomic power according to our needs and plants which will produce this power competitively. This accomplishment will then made available to meet the needs of our customers.

Competitive Tomorrow, Not Now

Is competitive nuclear power possible? My answer is yes. Nuclear power will one day support our ever-expanding industrial growth.

I, for one, was not swept along by the unwarranted enthusiasm for atomic power in the early 1950s. Likewise, I am not persuaded by the gloomy despair so frequently expressed today, a viewpoint you will recall pervaded me, like the Vienna in September. I am convinced that we must study this problem that atomic power will be competitive and therefore useful in the United States at an earlier date than some think.

I am further persuaded that the need for this sort of power is such that we must promptly overcome the technical problems. The President’s interest, must be noted in particular. The electrical industry, both public and private, has been meeting their ever-growing demand for power and are making tremendous progress reaching effort towards the perfection of these plants. When all is accomplished, the atom will provide an increasing amount of power for the country in the future.

The energy commission has laid the basic requirements on the objectives of the nation’s atomic power program. This is the statement of the Joint Committee on Atomic Energy as expressed in its report of last year. I quote here the statements of the Edison Electric Institute, which I agree, with and which they produced. It results from work of the Atomic Energy Commission and the Ad Hoc Committee I appointed early last Fall.

Each of these groups set forth objectives—each in its own words—after carefully considering the importance of nuclear power to our economic world position; and finally after carefully considering competitive and engineering problems which must be solved.

Lists Five Objectives

Broadly stated, these broad agreement on the following statement of objectives and these rep. each of the groups:

(1) To reduce the cost of nuclear power to competitive levels in high energy areas of this country within 10 years.

(2) To make atomic power available for all the high energy needs of our population, nations now having high energy cost to competitive levels in about five years.

(3) To support a continuing long-term research program to reduce the cost of nuclear power. These are the States position of leadership in the technology of nuclear power for years.

(4) To develop breeder type reactor plants which will produce nuclear energy latent in both uranium and thorium.

(5) To make available to the future let us take inventory of our present situation.

Many frustrations and disappointments, much has been accumulated, however the point the way toward accelerated progress. We are experiencing better plant performance and it may be the basic reason for my hope and my optimism.

Seven experimental power reactors are now in operation. They have performed well. They contribute valuable, first-hand evidence for large they perform better than the scientists and engineers expected been said concerning Shippingport's load factor, it is very evident we have an indispensable purpose. Out of it is coming vast amounts of dependable, solid民间 energy which is not otherwise obtainable. Shippingport also demonstrates unexpected growth. It is expected to deliver 60 megawatts by the end of the year, but designed with the hope that it might some day produce 100. The energy commission expects the output of this reactor for the original plant is estimated to be completed in 1961. I think it is a good bet that the third core may even exceed. These are the early results of the early operation of the plants which are in operation and I believe there are other indications to give encouragement. We have operated 11 naval propulsion reactors, some in land prototypes, others in submarines. Each one has performed with remarkable dependability, efficiency, safety, and significantly indicate dramatic improvement in the core life span, thereby correspondingly reducing fuel costs.

These are all encouraging factors. They are not theoretical. They are solid results and dispel some of the gloom of General Electric.

Our nation has four reactor concepts: eight different reactor concepts have been authorized for constant production of power for commercial industry, in addition to those now under construction. These plants, some of them, large, all of them small, all of them will not only be capable of supplying kilowatts electrical and will cost in excess of $50 per kilowatt.

The plants under construction, are, for the most part, on schedule. Dresden, a 100-megawatt boiling water reactor, will be completed this year. Yankee Point, a 330-megawatt plant at Indian Point, Pacific Gas and Electric Company's Humboldt Bay Plant, the New York Steam Plant, the nuclear superheat, and the Elk River Plant all under construction and should be complete in 1962 in two years or a little more.

These projects, in my opinion, represent the best of the water concepts. Much will be learned from them on our operation; and I am convinced indicates a need for additional development in an extraordinarily new technical advances. Therefore, it is our intention to proceed promptly with additional plants of the water type and we must watch with great interest the Congress at this moment.

Quite a different concept, the graphite moderated liquid cooled reactor experiment built by the Atomic Energy Commission at Santa Susana has been operated reasonably successfully for over a year. From this test we are proceeding with the development of a plant of 15 megawatt for the Consumers Power Company in Michigan to be completed in 1963. This reactor concept is of special interest. The operating conditions are high and the steam conditions are higher. In addition, in several other concepts unless superheating is proven to be feasible and economical. Further development of this concept requires a larger, more elaborate, more flexible sodium graphite test reactor. This will be built if studies indicate that we should further pursue the sodium cooled concept.

The organic-modified reactor experiment in Idaho has proven the feasibility of this process. Al though results to date are admirable and I am impressed that this reactor concept is worth further development, we are proceeding at once with design and construction of a commercial Organic-modified liquid cooled plant in Piqua, Ohio. If success is achieved in this reactor, it will be relatively simple and, therefore, economical. A large-scale operation because the organic moderator and coolant do not become radioactive. The energy through the outlet of this reactor, the plants will be less hazardous than others. An additional experimental reactor, larger and more flexible than the existing one, must be built promptly to advance this process. It is my hope that we will propose this to Congress as a part of our current program.

"Breeding," or producing in a reactor a more fissionable fuel mass was the key to the long-coveting prospect. When this can be done economically and safely, and on a new and important milestone in atomic power will have been reached. Our progress in this area is encouraging. The second experimental breeder nuclear reactor design construction in Idaho and will be completed, will witness the testing of all related activities and commercial applications, in about a year. The 90 megawatt Experimental Breeder Reactor II is advancing rapidly. It is about

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Gives Examples of Progress

LAST OF THE GUTS

The experimental boiling water reactor, the Liquid Sodium Experiment, was designed to produce 20 megawatts of power and test the design capability. The reactor has since demonstrated a capability to operate and, as more experiences are gained, the Argonne laboratories are installing in them the components of the actual power density. They hope to produce 100 megawatts or five times the design capacity of the plant which itself is unaltered. What is important is that the information incorporated in the design of all boiling water reactor plants of the future is being gathered and the cost of the power will be dramatic.

Several promising reports on the General Electric Company's experimental plant in California, has incorporated its design power level and is capable of further increases.

Shippingport, a pressurized water reactor and the largest of its kind, has been operating now for one month. Despite all that has
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Volume 189 Number 5838 . . . The Commercial and Financial Chronicle

50% complete now and should be ready for operations in 1961.

Heavy water reactors are important because they are the best means of using natural uranium for fuel. Production of special fuels would require importing large quantities, making uranium transported by nuclear means a potential competitor to other fuels. The potential competitive position of the United States is that costs have exceeded the economic benefit from the production of heavy water.

The process of building a heavy-water reactor involves several steps. First, a reactor design must be developed. This is followed by the construction of the reactor itself. Then, the reactor must be tested to ensure that it meets safety and efficiency standards. Finally, the reactor must be operated to produce power. Each step is critical to the overall success of the project.

The future looks promising for heavy-water reactors. As technology improves, we can expect to see more reactors built in the coming years. This will increase the availability of electric power, which is essential for growth and development.
Government’s Role in Nuclear Power Development

forward. However, we do not believe that breeders in general will render breeder-reactors obsolete.

Skeptical of Thermonuclear Fusion Power

Finally, as the third stage in this development, we see power from thermonuclear fusion. I think all agree that the optimism once expressed over this possibility was unwarranted. The scientific and engineering problems are much more difficult than once thought. But there’s a question in the minds of the scientists that these problems will be overcome and that this unlimited source of energy will be available to mankind. When this will happen is hard to say. Dr. Teller, for example, now does not expect power for the consumer from thermonuclear fusion during the lifetime of many of us here today.

I want the continued help of this great industry in financing this nation’s atomic power program. You must build plants and place them in operation on desired power grids. Only by doing so can the compatibility of the nuclear plant and the power demands of utility industry be fully assured. You must help with your technical knowledge, for your technical and engineering resources are vast. And finally, you must recognize that the only solid knowledge of value to you and to your organization will come from actual experience with the building and operation of a nuclear plant. Too often the executive or the economist who admittedly must work with cost figures whittled down to a mill, or even a fraction of a mill, rejects the idea of atomic power because on a per tonne KWh basis it looks uneconomical. Congressional power projects costed for 25 years with fossil fuel costs increasing each year as they surely will, must be compared with nuclear costs projected for a similar period. During this plant life span atomic power cost will come down when fuel fabrication and processing techniques are moved from the job shop to the production line. Atomic power then does not look so “uncompetitive.” Add to this evaluation the intangibles of training and of experience and then ask how your stockholder is to know where from the oil is not so readily available as they seem to be today. Then, I believe, with all of these factors properly in mind, you will conclude that there are great opportunities in nuclear fusion power.

GROWING UTILITIES
California-Pacific Utilities Company
Neta Natural Gas Pipe Line Co.
Southern Nevada Power Co.
Southwest Gas Corporation

FIRST CALLING COMPANY

Investors

SOUTHERN CALIFORNIA GASES

GROWING UTILITIES

California-Pacific Utilities Company
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PUBLIC UTILITY SECURITIES

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PROFILES OF A GROWING COMPANY

California Water & Telephone Company

service to 141,000 telephones in Southern California and is classified as the 11th largest of the 4,000 Independent Telephone Companies in the nation.

Water service is provided to an estimated population of 200,000 on the Monterey Peninsula, part of Santa Cruz County and portions of San Diego County.

Profile of a GROWING COMPANY

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Water service is provided to an estimated population of 200,000 on the Monterey Peninsula, part of Santa Cruz County and portions of San Diego County.
Under regulation but when it comes to the use of more senior and higher priority capital, that was not the case. In effect, the regulatory capital reserve pool is a tax on the public economy of giving the risk to those who bear the risk. When the depreciable portion of the reserve equals the equity capital, the tax will take all of the risk for less than half the risk capital. Hence one would be considered to be more hazardous income and should not command the market or increases to a flow of income which can claim what earnings. Beyond the level of reasonable assurance, assets generated by depreciable reserves when deducted for rate base purposes represent the most costly capital any utility obtains.

To return to our main theme, since capital is such an important factor in the industry, the getting of the capital is a most important business function and the assured ability to get it when needed is the great tangible asset of a generating utility enterprise. That asset deserves recognition and protection by both enterprise management and regulatory authority. Capital is the basis on which most of businesses are financed. "What you get when you need it" is not sufficient. The capital is necessary to get capital at any time. The full implications of this cannot be adequately expressed. We are able to command capital on favorable terms is not a continuous situation for all utilities and have too often also not been regulated properly. The reserve of assured capacity to get capital when needed is the great basis of all business. The dependable availability of capital contains all the important aspects of good management and effective work. 

The importance of the impending capital is a key to the future of our country as the national socialization of electric power is expanded and for the new nation and in the financing of that nation. The American people are the capital for the nation's capital, the industry's number one asset.

"The importance of the impending capital is a key to the future of our country as the national socialization of electric power is expanded and for the new nation and in the financing of that nation. The American people are the capital for the nation's capital, the industry's number one asset."

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The need for additional capital will set net records. Most forecasts probably prevail short. Responsible as this industry is in the first place to population growth, the demand will further be made by the case of living, more customers with less and particularly the heavy use. Increased capacity at higher prices, replacement at higher prices without the benefit of economic depreciation provision, and continued pressure for more labor-saving capital equipment, can be expected to increase the demand for reserves for higher taxes after the deficit period, will add all to a magnified record-breaking total of required financing, all of which must be really magnificent music to the bankers' ears. More magnitudes, record-breaking lines, will not come about as efficiently to the business community as to the stockholders and customers. There is no reason to doubt at all that the capital will be available and forthcoming and that this industry will be able to continue on an equal basis. If it doesn't or can't, who will?

On What Terms?

The serious question is not will there be sufficient capital, but what the cost will be to the capital to finance its highest potential and that of the highest priority. There is no steady and constant capital. Thus the political-economic environment of the times severely limits what an industry as a whole can accomplish. Give but one land a chance through genius and what could do for this country and the world that has not been thought of? Dual regulation, regulation by public service commissions and the Federal reserve, one form of regulation, and we would quickly have a monopsony of public economy in place of what we now get progressions.

By comparison with the position of the electric industry, it is a case of gross. No longer at least is it necessary to meet the general political, a case of the million-billion and the disturbance of the investor confidence.

The need for additional capital will set new records. Most forecasts will probably fail short. Responsible as this industry is in the first place to population growth, the demand will further be made by the case of living, more customers with less, and particularly the heavy use. Increased capacity at higher prices, replacement at higher prices without the benefit of economic depreciation provision, and continued pressure for more labor-saving capital equipment, can be expected to increase the demand for reserves for higher taxes after the deficit period, will add all to a magnified record-breaking total of required financing, all of which must be really magnificent music to the bankers' ears. More magnitudes, record-breaking lines, will not come about as efficiently to the business community as to the stockholders and customers. There is no reason to doubt at all that the capital will be available and forthcoming and that this industry will be able to continue on an equal basis. If it doesn't or can't, who will?

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Continued from page 29

**Bases for Successful Future Electric Utility Financing**

capital. It has refinanced substantial sums yet I can't recall when it last carried a rate of return.

We recognize that credit is the capacity to command capital but credit and capital are rather different and possibly quite different. Foreign countries in a highly developed industrial society have good credit when it can be certified in the form and on the terms which do not include the integrity and security of the previously invested capital.

**Bases of Credit**

The basis of credit, that is good credit by the standards we have set up, is a prospective yield of income sufficient in quantity and reliability to pay the going wages of capital as of the time. One of the purposes of a good, that is not bad, yield is that it is not how much you will earn but how little you will earn.

Electric utility income has three obvious bases.

(1) The basis in the technical efficiency and superiority of central station production of electricity and the common use of common means for its distribution.

(2) The basis in the economy of the use of centrally produced electricity and

(3) The basis in the right of the law to earn a fair return if and to the extent that these two bases are more significant than the technical efficiency and economy of the use.

There is nothing that we could say here that would add to the strength and purpose of the electric industry in its technical dimensions and its superiority, however, is not sufficient by itself. The service, its manner of production and condition must also be on a solid economic basis. Here also the efficiency of the electric industry is obviously very solid, disclosing only a few cases of inefficiency which are probably significant only so far as they may get worse. The tremendous economic expansion of the service, believed by the electric utility industry, at prices which are generally far below what the market would be willing to pay, and is able to pay, indicates the margin of protection which exists against economic causes of credit impairment and the capacity to command capital. There probably is no significant other basis for the contemporary standard of living of the American people which affords as much comfort to the consumers' surplus, that, in less technical language, means bargain prices.

There is, however, a third basis on which the security and power of the utility income also necessarily depends and upon which alone, I think, is not as solidly assured as is the technical and economic basis. We refer, of course, obviously, to the legal basis for the prospective income to which the utility capital must look for its compensation. Thus, the higher the technical efficiency, or how economically sound the basis of utility income, it will yet be no better or adequate or assured than is permitted under the return formula imposed by public authority through regulation. It is in the legal basis of future public utility income that we find our greatest reason for concern.

**Rate of Return**

The legal basis for income is moreover a relatively volatile and unpredictable determinant of return which is not so radically change, and the economic basis for income production does not so quickly erode, yet if the legal standards do not allow the economic efficiency and the economic conditions offered by the market's best bargain to be reflected in a compensatory financial flow of return, superior legal and superior economy may yet be of little import. Even if the market is the final arbiter of States is the final faculty of economics, regulatory law and procedure determine utility income. Public utility capital is not necessarily entitled to it collectively withdraw in an short or long period of time because "devalued" it cannot legally withdraw. It has no opportunity to bargain or to be reflected in phrase "fair return" and what is "fair" is what public authority thinks is fair.

Thus we return to recognize the full meaning and import of being in utility business, namely, that it is not how you are or how you are that determines the adequacy of a flow of income but how much you will be able to earn as compared with what you could earn. Thus the regulation on the basis of market, its conventions and proceduralism, will be the final determinants of this industry's capacity to command that capital which it will need to meet its public obligation to expand and to serve all who come at reasonable rates. The engineers have done their job, the business managers have done theirs, maybe it's time now that the lawyers did theirs and obtained the most favorable industry in that realistically and meaningfully a fair wage for the capital as efficiently and productively employed. Possibly, however, before we can expect that miracle from the legal talent it may be necessary that the environment of understanding and public sympathy to economic reality in the regulation, to results that are economically fair rather than merely the arbitrary acceptance of the keeping conventions. Maybe, also, it is not even by implication chargeable to the lawyers; possibly chicken-hearted management, seeking to avoid the trials and tribulations, the sheen toll and fear of public labor, is the reason why this industry across the land has put its face on a fair wage on the capital it has employed so efficiently and economically over the past ten years.

The incremental investment at the even higher price level has not earned the rates that return on return allowed on the average achieved by the entire system. Rate levels are obviously subsidized by the lower past rate of capital and the property and plant, even in the capital structure the return is not the full profit that the present capital and the income available to common stock capital is subsidized by the past lower interest rate. We can do little bit of figuring on that point. The average contractual interest rate on formal funded debt of the class A & B industry in 1957 was 3.15%; in 1958, not available, but probably not much higher.

The current effective cost of high quality debt cap.
Critical 4.4% were substituted for 3.2% since the industrial common equity would be well above the 3.2% rate of decline in industrial tax effects. We could go further and give a useful view of the relationship between the past contractual rates on preferred stocks and short-term debt, which is probably near 5% rate reflecting current costing. Altogether it is seen that even at this rate, the increase in the high dollar cost of additional capital is substantially lower than the past "lower-number-of-larger-dollar" per share for all. Also is important to be considered by enterprise capital, the common stock industry, and their dividends is significantly less if all this of course for financial management is to determine what policies the company is implementing and for regulation to recognize that perhaps additional capital has no proper place in fair rate of return determination except as it bears on current or prospective cost of such capital.

Prime Corporate Credit

We are, I am sure, yet however ready to defend the proposition that the type of corporate credit the price corporate credit in the above regard is an issue of whether the industry could actually meet the standard of good credit, and that the industry may be another matter. Has the industry ever done that dollars equal dollars, that the called a 1968 dollar is the same as the dollars we traded in as a 1959 dollar or whether it is assumed that dollar is the same unit of measurement? My answer is that dollars has been in dollars well maintained but in economic substance badly impaired.

Investor’s Experience

As a quick test and a brief "look and see" in a few statements, I will now present the investor experience as reflected by Moody's well-known index of common stocks for the period 1946-1958. The average of the common stocks for the period 1946-1958 is the same as the index we traded in as a 1959 dollar or whether it is assumed that dollar is the same unit of measurement? My answer is that dollars has been in dollars well maintained in economic substance badly impaired.

Dividend Experience

A similar experience in terms of dividends is set forth. As seen in the below table on dividends, the 1946 average of dividends paid on 4.37% dividend yields was substantially higher than the share price of 1946. One share unit acquired each quarter besides an average return of 14.8% on the basis of 1% average by year of dividends and earnings, it is: 17.4%.

Value

As set forth in the data, the market price (per constant of the share) price (1957) never again reached the $147.84 of 1946. In fact the price for 1947 was $112.69 for 1952. In fact the average of dividends was 1957 was the lowest for than the same year average for 1943 to 1948.

Dividends per $100 of book value were also low in 1957. The dividend was $10.04, $10.58 and $10.48 during the years 1948-1950 since which dividends have been declining more except for a slight one-year reversal in 1957 at $9.18.

The cumulative retained earnings per share amounted to $10.10 during 1943-1957. The increase in book equity from 1946 to 1957 was $8.28. Thus the $9.00 of cumulative retained earnings was substantially higher than the share price at 1946. The average of earnings on the 13 acquisitions in 1958 was $9.99, a weighted average 11.10%. This looks good, on the face of it, but it is not quite what it appears to be in the form on earnings never received. The increase in book equity per share from 1946 to 1958 was $10.04. The dividend is a common form of dividend received at the same time as the other transactions. As 1958 dollar or whether it is assumed that dollar is the same unit of measurement? My answer is that dollars has been in dollars well maintained in economic substance badly impaired.

Serving — the area's that so rich in raw materials and chemicals


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shortsightedness and what the future investor may view in retro-

vision as short-sighted. This, we have seen, was the case, and the care of by the manner in which capital is obtained and the tech-
niques employed. Whether the industry can in fact live up to the great expectations which inves-
tors have developed will, however, depend, as we noted before, upon the regulatory environment and the manner in which public au-
thorities control the future flow of income.

Regulatory Policy Unrealistic

In my opinion it is high time that regulatory policy in the U. S. matured and came realistically to face economic facts. The policy of hiding behind the bookkeeping curtain, woven out of a systematic pattern of nominal dollar debits and credits, should give way to a more honest and socially ethical dealing with the nature of the economic sacrifice which utilities have had to make, and the reality of the expected return.

It is furthermore high time that the electric industry became rec-
ognized as a business-managed business undertaking. The treat-
ment of this great business as if it were in fact a kind of an ac-
corporated "performance of government contracts" is simply unreal. If this is in fact a business it needs a business diet and a business environment to keep it healthy and make it strong enough to face the needs of the present environment. The resources the challenges of change, even, and the whole of the environment of the business environment holds forth a chance of gain but not a guar-

anted return on its investment.

The inducement offered by a chance of gain is no less than the money manage- ques and, particularly, a job
decision which is being done better. Cer-
tainly a business environment is not provided under regulatory control where all the gains of navigable and enterprise are in advance committed to the pro-
sumer. We seem always to pay respect in words to the principle that good management if superior enterprise should have a chance to earn something addi-
tional for their performance but where in utility regulation has this noble economic sentiment and a unchallengeable principle been given conscious effort.

A business environment would clearly not be one with the ruling impression that because a utility is making a gain, because its earnings have increased, there-
fore its rates are too high. The prospect of a chance of gain works miracles on the enterprising human mind which we have long known has a very strong propensity even to overvalue any in-
cluded chance of gain. The holding out of a chance of true business gain would in fact/let us not much more in social economy for the small amount of money earned out as obtainable if needed. In fact if we really believe in the econ-
omy of the private enterprise as we protest we do, at least to the Russians, we must in fact be of the opinion that for a sub-
stained gain is the lowest possible cost at which the advantages of great economies can be ob-
ained for all.

A part of social economy of an enterprise environment for regular profit gains can be sought in behalf of the investor. In fact his net-take is a very small por-
tion of the large cost of the enterprise, the profit from which is the principle that society as a whole, in fact no one, certainly not the investor, would in fact benefit if this was not recognized and application of the enterprise environment to gain its full value and utility regulations as would the cus-
tomer for whom the profits which would be needed for its return to the original principle of regulation, namely, that it rates that are subject to regulation for the business environment would do more for the customer in the way of good service and short-
term capitol in favor of the much larger-long term advantage.

Decrement to Free Economy

Profit regulation can be basically uneconomic and inimical to the operation of initiative and enterprise. The formal and formula limitation of the profit is related to the cost social advantage viewed as the end of regulation. Thus it would be a great advance if the return earned were merely viewed as one of several available evidences as to the reasonableness and social economy of rates and not as a determinant. The prin-
ciple of course should work both ways. The opportunity for every investor should be balanced by regu-

latory procedures which would in fact "spank" the haggards, the recalcitrants and the incompe-
tents. The extent to which this management actually utilizes the social resources at its command in the form of property and plant, the extent to which it achieves a gain in terms of dollars above average more want-satisfying elec-
tricity at lower average costs is not just as much a good and useful test of the reasonableness of rates as any statistical con-
trol of cost of capital. 

And to that extent this gain is made much too far. Of course it was not always the case, it made life simpler. With a formula at hand that difficult thing called judgment could be carried out side and, unfortunately, has been.

Every good thing can be overdone and certainly the reliance on bookkeeping records whose memory is as blinkish as a man would stand in order to take lightly and the statistical and computations calculations derived from the intragations of stock markets and the printing of newspapers. The social eco-

nomic purpose of regulation was to offset and cancel the effect of monopolistic pricing which was not available by-product of the per-
sonal utility enterprise occupying a single market. We wanted the operational and investment econ-

omies of monopoly on the one hand and on the other we can certainly do this for ourselves to the temptation of monoply gains. We suggest that we subtract only the monoply earnings from the re-

suit and with the remainder return earned to enterprise even there is and in the enterprise in the competitive industrial area, this has never resulted in a standard which claimed that all the advantages of com-
petition, initiative and enterprise, which enterprise, if giving of the manage-
ment produced, for the customer. There is in fact no eco-

nomic reason why a monopolist should earn as much as in utility regulation, where in the best the social reason is: the ability by reference to all economic prin-
ciples, particularly the "industrial opportunity for the superior pro-
ducer to share in his achievements.

Economic Utility Rates

The competitive current mar-

ginal cost standard would be an enlightened substitute for the relative rule of thumb regulation which has been a guide to resolution of the fact that this is as well and will always ensure hospitable to business enter-
prise. To this end there is required early regulatory recogni-
tion. The necessity of a sub-

stantial return which we have had to make, and the reality of the expected return.

New Lee Higgison Branch KALAMAZOO, Mich. — Lee Hig-

gison has opened an office in the Higginson Build-

ing at 120 East Michigan Avenue.

Western Secs. Office OKLAHOMA CITY, Okla. — W es-

ter Securities, Inc. has opened its first branch office at North Walker under the direction of Lester E. Johnson.

All-State Properties MONTICELLO, N. Y. — All-

State Properties, Inc. has been formed with offices at 30 Verbeck Street to engage in a securities business.

New Rotan, Mosle Office VICTORIA, Tex.—Rotan, Mosle & Co. opened an office at 111 South Liberty Street under the direction of Halbert A. Ahsher, Jr.

A. F. Haslam Opens EL DORADO, Ark.—A. F. Ha-

slam is conducting a securities business from offices at 511 West Main Street.

First Monticello Corp. MONTICELLO, N. Y. — First Monticello Corporation has been formed with offices at 111 Main Street. Will H. Dabney is president, James R. Younger, vice-president, and Norman W. Higginson, treasurer.

Chester Harris Co. OPENS Chester Harris & Co. has been formed with offices at 80-22 164th Street, Jamaica, L. I., to engage in a securities business.

Harwood Investors Plan JAMAICA, N. Y. — Hamilton In-

vestors Corp. has been formed with offices at 80-23 164th Street, Jamaica, L. I., to engage in a securities business.

This revolutionary gas-filled transformer is pro-


cently the largest of its type. Developed by General Electric, it was recently installed in a P & W substi-
uton where it is providing operating data toward development of even larger transformers of this economical type.

Adaptation of new techniques, equipment, and thinking — in other words, PROGRESS — has always been a responsibility in the P & W plant.

Under such a policy, P & W was a pioneer in "out-
door" type power plant in the eastern portions of the United States. A successful adaptation of this new equipment, in many phases of its business. It would have been impossible to realize the full prob-

lem of the expansion to broad business development. We believe that only through PROGRESS can we effectively meet our customers' increasing needs, achieve the goal of retaining competent people and maintain investor confidence.

The Commercial and Financial Chronicle — Thursday, April 16, 1859

Continued from page 31...
and two additional projects are in the planning stage. Utility companies which are now planning these projects will amount to more than $540 million in construction and operation and maintenance costs over equivalent costs of conventional plants by the year 1965, over a period of years, approach $1 billion in excess capital costs. These additional post-construction operation and maintenance costs will not only be substantial but will be incurred at a time when the industry is not enjoying recovery from the depression.

Details on the projects underway in the industry and a summary of dollar expenditures are shown in Table I. A large number of utilities are also participating in this nuclear research, development and study projects, involving substantial expenditures, which will undoubtedly lead to additional reactor construction projects.

As of year-end 1958, total utility company spending on the reviewed and the previously mentioned projects under way reached $225 million with 121 utilities participating. A listing of the participating companies is shown in Table 2.

During 1959, a proposal was made to the AEC by the Philadelphia Electric Company for construction of a newly-formed High Temperature Reactor Development Associates to design, construct, and operate a $25,000,000-$30,000,000 (electrical) high temperature research reactor in graphic moderated nuclear power plant at Peach Bottom, Pa. The present proposal was to use the plant as an AEC as a basis for negotiations.

General Public Utilities Corporation also announced that it would construct a 5,000 kW (electrical) research reactor at the Saxton, Pa., generating station of the company's subsidiary, Pennsylvania Electric Company.

In December, 1958, Pennsylvania Public Utilities Commission passed a resolution ordering the Allegheny-Westinghouse Electric Corporation to proceed with plans for the construction of a nuclear Power Plant at Westmoreland County, Pa. The approval of this resolution marked the first of the permits in the planning stage for the development of a prototype plant. This resulted in the completion of the prototype (PAR).

During the year, research and development work continued on the recently inaugurated Carlosso Virginia and the Western Nuclear Corporation's Florida West Coast project, now under contract with the AEC. The detailed design work commenced during the year on the Pacific Gas and Electric plant located at Humboldt Bay, Calif., as well as on the recently completed new generation of the Northern States Power Company to be built at Bissel, Wis.

Major construction work on the large scale Dresden plant at Joliet, Ill., the Enrico Fermi Plant at Monroe, Mich., the Yankee plant at Westville, Conn., the Northern States Power Company's Point, N. Y., project continued toward completion and operation in 1959. The four basic reactors of the first three plants and 1961 for Indonesia.

Some of the technological achievements of the new reactors are based on the development and operation of atomic power. This will make possible the generation of electrical power. The AEC also plans to develop a new generation of nuclear power reactors. The development of these reactors is expected to be completed in the near future. The AEC has developed a number of new reactor designs, including the High Temperature Reactor, the High Temperature Reactor Development Reactor, and the High Temperature Reactor Development Plant.

In 1958, when business throughout the United States was at depressed levels, the volume of new gas business contracted for by the industry was lower. The commercial customers were greater than the record-breaking total of 1957, and the new electric industrial and commercial business was also second to the record total of 1956.

Mid-Maryland, the 2300-square mile territory served by Baltimore Gas and Electric Company, comprises a rapidly expanding industrial, commercial, residential, and port area, with Baltimore the city of industrial growth. Business expansion—expected to continue at a rate appreciably above the national average.

Baltimore Gas and Electric Company
Serving one of America's great industrial centers

GROWTH

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Status of Atomic Power and a Look at the Future

The Atomic Energy Commission's long range objectives, mutually acceptable to the AEC and the Congress. There were repeated requests of both organizations for a more comprehensive and comprehensive approach to the nuclear power development in the United States. The AEC proposed, in addition to research and development assistance, to provide financial and technical support. This was the beginning of a new era in the nuclear power industry.

Federal Reserve Bank of St. Louis
Digitized for FRASER

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Notes:
(1) Initial net capacity, estimated at 300,000 kw by experts.
(2) Includes $20,000 for the conventional portion of the plant and the site.
(3) 25,000 kw toward cost of reactor.
(4) 25,000 kw toward cost of reactor.

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See facing page for a description of the various private nuclear power projects and the companies participating therein.
Electric Utility Company Participation in Nuclear Power Development

Projects in Operation

- Gas & Electric Co.
- Pacific Gas & Electric Co.
- Massachusetts Electric Co.

Projects Under Construction, Design or Contract Negotiations

- Commonwealth Edison Co.
- Pennsylvania Power & Light Co.
- Seattle City Light
- Westinghouse

Electric Utility Company Participation in Nuclear Power Development

Names of Electric Utility Companies Participating in Nuclear Power Study, Research, Development and Construction Projects

Projects in Planning Stages

- Arizona Public Service Co.
- California Electric Power Co.
- Pacific Gas & Electric Co.
- Utah Power & Light Co.

Growing with a Statewide System

- Arizona Public Service Co.
- Central Arizona Power Co.
- Arizona Power Co.
- Arizona Public Service Co.
- Arizona Public Service Co.

Good, Low-Cost Electric Service to More than 700 Communities in 69 Counties in Indiana

- Indiana State Power Co.
- Indiana Public Service Co.
- Indiana Power Co.
- Indiana Power Co.
- Indiana Power Co.

The Company's 1959 Annual Report Will Gladden the Soul Upon Request

- Indiana State Power Co.
- Indiana Public Service Co.
- Indiana Power Co.
- Indiana Power Co.
- Indiana Power Co.

Utilized for FRASER

http://fraser.stlouisfed.org/
Electric Utility Pricing Policies for Tomorrow

Medallion Home Program, there remains the sales task of improving the electrical use of 30 million existing homes. Experience tells us that no matter what the level of rate is, sales results are obtained only as a consequence of a current customer. The old saying is true that "sold and doorbells have to be worn out and doorbells have to be rung" if the industry is to make the sales necessary to achieve maximum utilization of the invested dollar. Someone has to sell for the order.

The major conclusions to be drawn from our study as a guide to rate making for the future, may be summed up as follows:

1. Investment to serve the customer is increasing on a kilowatt and a customer basis. When we take into account the factors of depreciation, insurance, and taxes which must go with the direct capital costs, it is evident that the rate structure will have to recognize higher charges on higher fixed investment and, at the same time, be further simplified and made more practical to permit the sale of service in volume.

2. The general increase in operating costs, which necessitates a re-examination of the rate structure, including initial charges and minimums, together with a recognition that "also labor has to be paid just like any other service charge." It is evident that technological advances, which go on regardless of the use of the service, should be absorbed over the energy charges.

3. Prices have increased through the use of larger, more efficient equipment, and, with constantly rising fuel prices, have resulted in the ability to hold the cost of fuel per kilowatt-hour, and, on an existing basis, will be needed to be added the protection of provisions for fuel-cost adjustments. It is generally agreed that technological advances, which go on regardless of the use of the service, should be absorbed over the energy charges.

4. Sales promotion expenditures may have to be revised, and we are to obtain the maximum returns for these expenditures with the volume of service we can be received. Informing and satisfied customers are a valuable investment protection.

5. Rising capital costs for all-electric utility service in the all-electric home will require considerable customer education. To achieve this standard of electric living, utility companies should be prepared to offer to customers monthly budget-payment plans so that they will have all their revenues in proper balance; otherwise unpredictable costs of maintenance and repairs, the incidence of theft through equipment and debt financing would become most difficult, if not impossible.

6. Greater Utilization of Fair Value Rate Base

In taking a realistic look at the inflationary conditions of the economic world in which we live today and which will probably continue into the indefinite future, it is axiomatic that regulation must give weight to a utility company's demonstration of a fair value rate base if the utility's rates are to be "just and reasonable." "Just and reasonable," as defined by governmental conditions, does not mean slavish adherence to the use of historical recorded costs as the sole criterion of value for rate-base purposes. Various rates may mean setting a rate of return over a fraction of a point above "bare bones" cost of money.

It has been stated quite frequently that the fair value concept "died" with the Hope decision of the S. Supreme Court in 1944. Nothing could be further from truth, as it never came in the Federal regulatory area. Furthermore, the fair value as defined in the Tennessee case was not only not steady for a long time but far below the then current levels that we have today. We must not overlook the fact that today at state levels, the provisions of state laws are still controlling.

We have a taken "new look" at what the legislative rates are in the states, including the District of Columbia, the states in one of the few areas today profoundly prohibit adequate demonstration of the fairness principle. We are in the position of the S. Supreme Court in the Montana case which indicates that the definition of a "fair value...should consider evidence of present value..." through consideration of "next year's revenue...present value..." to such state regulations. It is evident that which in its judgment may or does have any bearing on such value.

It is clear that in those jurisdictions which have such laws where but the common still use the original cost depreciated as the sole measure of the rate base, such action continues simply because utilities have been able to effectively enforce their statutory determination.

Some contend that the utility industry is justified in all "right" under original cost regulation because so much plant will have been installed in a period of rising prices.

About one-half of our present-day electric plant investment was installed prior to 1950. By then, prices had already risen substantially from levels existing at the end of World War II. Since 1950, electric plant construction costs, on an index base, have increased over 50%. From this trend it is evident that only in the case of a static new enterprise, built wholly within the presently present price levels, can it be said that original cost and present fair value are reasonably comparable. Furthermore, looking down the road, this will only stay true if we have no further price inflation. Such a conclusion is inapplicable that spending money at continuously inflationary price levels does not inject fairly the rate base for all the dollars previously committed at lower price levels.

Somehow in the original cost of rate-depreciation-rate-procuring that the number of dollars originally invested in these inflation continues and the costs of the dollar are increased, "the dollars recovered and charged to rates" are constantly smaller and smaller, and it is the holding of the revenue services that can be bought. The steel people, the automobile people, the ship building people, the long-term investments, are subject to the effects of inflation. However, these non-regulated industries are able to make rate increases on economic conditions by the ability to raise rates. These industries provide for themselves in their price structures an adequate protection to keep their property whole. Since the economic conditions as they are no different than those facing non-regulated business, utility pricing regulators must take this into account and contemplate the same protection of their property whole.

It is no answer to say that the accounting, tax and regulatory codes are "different" and that the current cost depreciation are "different" from the original cost. Obviously, if utilities were to increase depreciation accruals and their profit margins will increase as the inflation cost depreciated concept, the company will have a "depreciation" advantage. If a utility passes on the rising cost of rate base reduction in rate base, this is all the more reason why the fair value which can be improved.

The first private electric utility to give recognition to fair value pricing was Iowa-Illinois Gas & Electric Co. In 1954, following the dictum of the Iowa State Supreme Court in the Fort Dodge decision, it began fair value regulation in June of 1958. The Iowa Supreme Court, in the first step for rate making and accounting, is of interest to note that one of the country's largest municipal operations is now using a fair value depreciation on a fair value basis. The Sacramento Municipal Utility District's report for 1957 states:

"The District adopted with the full approval of its independent auditors...the principle of fair value depreciation on the fair value of its plant, even though substantial inflation or deflation, because of changes in the purchasing power of the dollar, makes a cost based on cost not a fair measure of the value of property of the utility. This principle of accounting, sometimes referred to as 'price stabilization', makes it certain that a utility should collect in revenues an amount to cover the fair value of its property consumed in operations if the real capital dedicated

Promotion of fair value regulation has been to study the advantages and disadvantages of such a concept.
Canadian Capital Spending Plans for 1959

Survey by the Bank of Montreal of the capital expenditures planned for 1959 by some 16,000 Canadian firms and governmental bodies shows no significant over-all change but it does reveal definite compositional changes.

The following table in the Bank of Montreal’s Business Review of March 25, 1958, clearly indicates this year’s expected changes in the make-up of capital investment in 1959 versus 1958. The table is based on the planned spending plans of 16,000 firms and governmental bodies. Noteworthy is the cutback in construction outlays with purchases of machinery and equipment only fractionally higher than the outlays from “business” outlays to capital spending by public bodies:

<table>
<thead>
<tr>
<th>CAPITAL EXPENDITURE IN CANADA</th>
<th>(Millions of Dollars)</th>
<th>Outlays</th>
<th>1958</th>
<th>1959</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Industries (a)</td>
<td>1,234</td>
<td>997</td>
<td>1,001</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Manufacturing (b)</td>
<td>2,086</td>
<td>1,743</td>
<td>1,782</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Utilities (b)</td>
<td>2,086</td>
<td>1,743</td>
<td>1,782</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Consumer Services (e)</td>
<td>750</td>
<td>750</td>
<td>759</td>
<td>-1.2</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>1,340</td>
<td>1,168</td>
<td>1,128</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Institutions</td>
<td>454</td>
<td>450</td>
<td>550</td>
<td>-12.2</td>
<td></td>
</tr>
<tr>
<td>Government Deficit</td>
<td>1,170</td>
<td>1,234</td>
<td>1,456</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,817</td>
<td>8,417</td>
<td>8,021</td>
<td>-1.1</td>
<td></td>
</tr>
</tbody>
</table>

To make the spending plans more precise, the table shows the category of outlays to the chief executive.

The responsibilities to be delegated are:

(1) To develop the rate structure that will preclude, on a unit billing basis, the growing revenue requirements.
(2) To administer the rate structure in such a manner that the regulatory commission and the utility company will be adequately represented on the rate-making board.
(3) To keep the government group, as its own operations, of the rate and economic research should be an integral part, well informed on rate regulatory activity in both the local, state and national levels.

The utility business, as to its own operations, is contact from the customer, is being transformed and the company is more likely if the chief executive officer to his own rate man as many of you go down the street.

Much progress has been made in many companies, and much more remains to be done if the electric utilities are to handle prudently and price adequately the tremendous number of rate contacts, customers, and at the same time make a fair profit for investors.

Purchase Agents Report Raising Capital Expenditure Plans

Recent survey shows generally improved business continues—characterized by lower-bargain capital good industries and higher basic metal producers. Concern is expressed about possible let-down in buying in third quarter and current upward change in commodity prices.

Over-all business continues to improve. The report contains the consensus opinion of purchasing agents who comprise the R. A. P. A. Business Practices Committee. Chairman is Chester F. Ogden, Vice-President of Consumers Power Company, Detroit, Michigan.

However, the saw-toothed business cycle is indicated by the heavy metal producers and by a large number of foundries and related dealers who meet all demands. On the other hand, capital goods industries are eagerly seeking orders. The National Association of Purchasing Managers’ Committee advises that there is general agreement that improvement will continue during the second quarter. But, with or without a steel strike, there will be an apparent buying spree. Those certainly an indication of confidence in the long-range future.

Commodity Prices

Again led by ferrous and non-ferrous metals, prices continue to show slight upward trend. Concern by pur- chasers over possible strikes in steel, copper and rubber will probably sustain demand and result in price patterns at currently high levels through the second quarter. This is supported by the fact that 39% of those reporting higher prices, compared with 31% a month ago, only 2% of our members reporting lower prices.

Investments

Further shortening of strike deadlines has increased the number of those showing higher inventory positions. Duplicating last month’s trend, 43% of our members, chart inventory increases, with 34% reporting in February, and only 21% showing reductions this month. The number of those with unchanged inventory is 41%. Beyond the strike threats, purchasing executives say business, production, acquired and seasonal depletions are the reasons for their additions.

Employment

There are 28% of our respondents who indicate more employment in March, essentially the same as last month. While construction work is reported opening up in many areas and there is greater employment in basic metals and automobiles, this is offset in totals by the continuing emphasis on cost reductions and increasing automation. These last-mentioned employment gains are expected to last through April, but the previous 15% in February. Members’ comments reflect that further increased employment will be covered in the recall of laid-off workers—making it difficult for newcomer additions to pay raises.

Buying Policy

As reported last month, the per centages continue to show coverage on production materials.

Chicago Investm’t Analysts

To Hear R. P. Briggs

CHICAGO, III.—The Investment Analyst Society of Chicago will have as guest speaker at their luncheon today at the Midland Hotel R. P. Briggs, Executive Vice-President of Consumers Power Company, will speak on the current operations and future outlook for the in- dustry and the industry. Before joining Consumers Power Mr. Briggs was Professor of Accounting and Vice-President of the University of Michigan.

Lee Higginson Office

PROVIDENCE, R. I.—Lee Higginson Company has opened an office at 10 Dartmouth Street under the direction of Nathaniel R. Tingley and Frank D. Livingston.

L. A. Cantuer Branch

LISBON, Ohio—L. A. Cantuer Co. has opened a branch office at 124 West Lincoln Way under the management of James J. Murphy.

Scott Planning Branch

Scott Planning Company has opened a branch office at 509 S. Main, Canton, Ohio, under the direction of Bernard L. Sorkin.

Irving Amels Opens

BROOKLYN, N. Y.—Irving Amels has opened a securities business from offices at 109 East 89th Street.

With S. Romannof

(Attributed to The Providence Evening)

MINNEAPOLIS, Minn.—Richard J. Grant has been added to the staff of Keenan & Clary Inc., Pillsbury Building.

Paine, Webber Add

(Attributed to The Providence Evening)

SAN DIEGO, Calif.—Richard W. Remock, 32, a mining engineer, has joined the staff of Paine, Webber, Jackson & Curtis, Orpheum Theatre Building.

With E. E. Henkel

(Attributed to The Providence Evening)

LINCOLN, Neb.—Marvin D. Nelson has become connected with E. E. Henkel & Company, Federal Securities Building.

Joints Copley Staff

(Attributed to The Providence Evening)

D R V Y B, Colo.—Roger R. Fleck has joined the staff of Copey & Company, 118 Seventeenth Street.

Jisons Harris Up坏

MINNEAPOLIS, Minn.—Jevne D. Baskin has joined the staff of Harris, Irwin, Co., Northwest Bank Building.

Florida: Key to Better, Climate!

Today, the nation’s playground is portrayed for a growing paradise of new businesses. Climate is the key—a living climate that makes for happy people and a business climate that makes for healthy profits.

Florida is growing faster than any other state in the country. It offers bulging markets, a rich reservoir of manpower, friendly governments, lower costs, superb transportation facilities, and dependable electric power guaranteed by the state, all designed to increase generating capacity in the future.

In short, Florida’s future makes sense for your business, too!
The Challenge of Soviet Power

more than double the comparable share in 1965, and this growth is largely accounted for by its massive highway building program, which is running to 20 times the USSR spending, whereas their own spending was running to only a few roadbuilding and fixed assets accounts.

At the moment, they do not feel much incentive in the road building, and if their propaganda ever had any effect in having their people travel around their country, this would put pressure on the Kremlin to deliver the people more goods.

Commercial investment, which includes not only their own drive-in movies and office building, but also a vast increase in their own merchant marine, is now totalizing over $2 billion a year in the U.S., and only $1 billion in the USSR.

Our housing investment is roughly twice that of the Soviet even though their living space per capita in the U.S. is already four times their own.

Of what the future? In Khrushchev's words, the 'Soviet Union intends to close the gap between the U.S. and USSR in the quantities of electricity used per person, and in the relative gap between the U.S. and USSR in the quantities of electricity used per capita.'

The energy base is to be revolutionized in the U.S. where the gas well will contain more than one trillion cubic feet of natural gas, and relatively high cost coal will be far from the horizon, according to the plan, to be produced at about 800 billion kilowatt hours per year. As a study comparing U.S. and USSR electric power, power generation and industry, and particularly the gap between the U.S. and USSR in the quantities of electricity used is one of the more fascinating projects of the entire year's research.

This interesting study received a considerable amount of deserved public attention, but not, however, what is truly about the gap in power generation across the board, as some comments that apparently were overlooked.

For example, compare primary energy production trends, for example, in two works of coal, natural gas and electric power, expressed in standard fuel units, amounting to 4% of the total production in 1958. By 1965 it will be close to 60%. The absolute gap in power generation has been closing since 1958. At the present rate, the gap will have been narrowed over the next seven years.

Similarly, the absolute gap in steel production and production per capita is narrowing over the past five years. The maximum gap in production was apparently reached in 1958.

The accompanying spread by the gap is the result of a policy which should not serve as a false testament to the adequacy of the USSR's economy.

At the same time, it is important not to exaggerate Soviet shortcomings, in particular, the propaganda surrounding the large gap in power generation. Khrushchev made a number of statements about Soviet economic power that are often comforting, but not wishful thinking. Specifically, he stated that "after the completion of the Seven Year Plan, we will have doubled our production of all industrial goods, including coal, electricity, steel, and so forth." The Soviet economy is in the process of expansion, and the gap is narrowing, but not closing.

The outcome of this context— the expansion of industries in underdeveloped areas—is crucial to the survival of the Free World.

Upshot of Nationalism

The international Communist has not changed its operating procedure since the days of the Comintern and the Cominform. The Communist party of the USSR, from which the USSR is the bearer of the movement, has a world-wide mission, formulated by Lenin in Stalin, and renewed by Khrushchev, to defeat colonialism more vigorously than that of Stalin. This mission is a part of the general strategy of the entire free world, starting, of course, with those countries which are currently under Communist control.

The task of destruction is, as Khrushchev has said, "to be on the move, not only in the countries of the free world, but also in the countries of the Free World." The Communist world, in dealing with the former colonial powers, is the first to acknowledge the possibilities of nationalism, which has appeal, not only to the colonized in the vulnerable economic conditions to which they have been subjected, but also to the many new and emerging countries that are fertile ground for the Communist Party.

Also under the heading of subversion, we must not overlook the fact that the USA, and in particular the CIA, have sought to advance their own interests in the Middle East, and in Korea, Vietnam, Malaysia are typical examples.

In conclusion I wish to emphasize again the pressing need for a firm understanding of the overall purpose of the Sino-Soviet approach. There is no evidence that the present leaders of the Communist world have the slightest interest in changing the general tactics of their foreign policy, the only difference being in the details of their subversive techniques.

The over-all power of the free world is still vastly superior to that of the USSR and the other followers of international Communism. If they succeed and we fail, it will mean a new ignoble period of international slavery. That is what the outcome of this all-out battle for survival will mean. The stakes are high.

Some leaders in the USSR, particularly Khrushchev, have tried to make us believe in the myth of international Communism, but we must resist the temptation to accept this false outlook. It is not true, it is not a reality, and it is not in the interest of the free world.
Electric Power for a Strong America

In fact, Russia's current per capita production is now about the level of that of our predecessors in the late 1800s.

The United States has been continuously widening the gap ever since 1940.

Generating Capacity 1937-45: As of the end of 1937, Russia reported a total generating capacity of 48 million kilowatts. By the end of the Seventy-five year, the installed capacity in this country was over 98 million kilowatts, or about 98 million kilowatts more than Russia.

Recently the Russians have announced another of their long-term plans for power generation which have become famous for their consistency. During the past 30 years, the Russians have planned to add 60 million kilowatts by 1963, which would be a 30% increase in 1965.

In view of this, it is evident that, in respect to electric power, the United States is not only building more power plants, but also increasing its superiority over Russia as well as the rest of the world. The Russians, however, are too late to do anything about it.

Government in America today has built up an economic and political entity, as is clearly indicated in the following statement made by the late Rowland Hughes, at that time Director of the Federal Power Commission:

"The Federal Government is, among other things, the largest electric utility company in the United States, the largest insurance company, the largest bank, the largest shipbuilder, the largest owner of grazing land, the largest holder of timberland in the United States, the largest shipowner, the largest truck fleet owner, and the largest employer of workers, and is the largest and the militarily most capable country in the world."

This is the reality of what government can do, and it is a reality which is a threat to any free enterprise private enterprise. The industries that have been traditionally considered to be private are now being taken over by government or are being controlled by it. The full implications of this are not yet fully appreciated by the public.

There are some who argue that this is necessary to achieve our foreign policy objectives. This is an argument that cannot be adequately refuted in this forum.

Our government has spent billions of dollars on projects that were intended to benefit the whole country, but which have actually had a devastating effect on certain industries.

For example, the TVA project was designed to provide low-cost power to the farmers in the South, but it has also resulted in the displacement of many small farmers and the concentration of land ownership in the hands of large corporations.

In addition, the government has been heavily involved in the development of nuclear power, which has caused serious environmental problems and has led to a number of accidents.

Our government has also been heavily involved in the development of space technology, which has had a devastating effect on the domestic automobile industry.

In conclusion, it is clear that the government has a significant role to play in the development of our economy, and that this role should be carefully considered.

The Federal Reserve Bank of St. Louis

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Continued from page 20

It's Our Anniversary!

Yes, this year, Otter Tail Power Company is 50 years old. It was in April, 1909, that the company, then called the Fergus Falls Electric Light Company, was incorporated in the State of Minnesota.

Today, Otter Tail serves nearly 100,000 customers in a 70,000 square mile service area centered in the rich agricultural region of western Minnesota, eastern North Dakota and northeastern South Dakota.

Over 8,500 stockholders in all but one state and in several foreign countries are the investor-owners of Otter Tail. Better than 90 employees have a personal stake in the company, too.

With fifty years of experience, Otter Tail stands ready to meet the challenge of an ever-increasing demand for electric service in the years ahead.

CENTRAL ELECTRIC & GAS COMPANY

SUMMARY OF CONSOLIDATED EARNINGS

2 Months Ended Feb. 28

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>$24,719,507</td>
<td>$23,265,242</td>
</tr>
<tr>
<td>Gas</td>
<td>17,021,312</td>
<td>16,327,270</td>
</tr>
<tr>
<td>Electric</td>
<td>10,100,213</td>
<td>10,100,213</td>
</tr>
<tr>
<td>Total</td>
<td>$51,840,932</td>
<td>$49,712,725</td>
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<tr>
<td>Operating Expenses and Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$2,979,895</td>
<td>$2,906,137</td>
</tr>
<tr>
<td>Other income</td>
<td>72,727</td>
<td>72,727</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$2,948,142</td>
<td>$2,933,960</td>
</tr>
<tr>
<td>Interest and preferred dividends</td>
<td>143,721</td>
<td>143,721</td>
</tr>
<tr>
<td>Net income before Minority Interest</td>
<td>$2,804,421</td>
<td>$2,790,239</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>151,617</td>
<td>151,617</td>
</tr>
<tr>
<td>Net Income for Central Electric &amp; Gas Company</td>
<td>$2,652,804</td>
<td>$2,638,620</td>
</tr>
<tr>
<td>Preferred Stock Dividends</td>
<td>255,571</td>
<td>244,669</td>
</tr>
<tr>
<td>Balance for Common Stock</td>
<td>1,274,371</td>
<td>1,159,952</td>
</tr>
<tr>
<td>Earnings per Common Share on—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of shares outstanding at end of period</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>Stockholders' equity</td>
<td>4,316,696</td>
<td>4,244,096</td>
</tr>
</tbody>
</table>

CENTRAL ELECTRIC & GAS COMPANY

SUMMARY OF CORPORATE EARNINGS

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>17,512,212</td>
<td>13,328,270</td>
</tr>
<tr>
<td>Electric</td>
<td>941,347</td>
<td>905,213</td>
</tr>
<tr>
<td>Total</td>
<td>$18,453,559</td>
<td>$13,233,483</td>
</tr>
<tr>
<td>Operating Expenses and Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$1,562,599</td>
<td>$1,445,100</td>
</tr>
<tr>
<td>Other income</td>
<td>72,727</td>
<td>72,727</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$1,529,872</td>
<td>$1,372,823</td>
</tr>
<tr>
<td>Interest and preferred dividends</td>
<td>143,721</td>
<td>143,721</td>
</tr>
<tr>
<td>Net income before Minority Interest</td>
<td>$1,386,151</td>
<td>$1,229,102</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>151,617</td>
<td>151,617</td>
</tr>
<tr>
<td>Net Income for Central Electric &amp; Gas Company</td>
<td>$1,234,534</td>
<td>$1,077,485</td>
</tr>
<tr>
<td>Preferred Stock Dividends</td>
<td>255,571</td>
<td>244,669</td>
</tr>
<tr>
<td>Balance for Common Stock</td>
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</tr>
<tr>
<td>Earnings per Common Share on—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of shares outstanding at end of period</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>Number of shares outstanding at end of period</td>
<td>2,652,804</td>
<td>2,638,620</td>
</tr>
</tbody>
</table>

Note: (1) Includes $400,000 collected after May 9, 1958, by Southeastern Power Co-ops, Inc., subject to refund if the Supreme Court of Florida after hearing to be held on April 15, 1958, shall determine that the entire initial payment of $400,000, or any fraction thereof, was not received by the Company. This $400,000, or any fraction thereof, was not legally authorized. If telephone operating revenues of the Company for the year ended February 28, 1958, less telephone taxes, was $3,000,000, the tax collected thereon by the Company would be $150,000. Due to the final determination of the Tax Court of the U.S. for the years 1954 and 1955, the resulting figure for Balance for Common Stock and Earnings per Common Share on number of shares outstanding at end of period would be approximately $1,150,000.

It is gratifying to note that the people of this country are beginning to appreciate the importance of good government in our lives. The Federal Reserve Bank of St. Louis

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Continued on page 40
Electrical Power for a Strong America

In its position on this advertising matter.

A Program to Succeed

I have outlined the steps of the electric power industry in my grave dangers facing it and facing all Americans in every industry and all American people.

My year as President of EHI has caused me to see more than ever before on the development of the nation. What is to be done if we are to stop the tremendous development of the nation and lead to us all in our lives, to ultimate loss of our freedoms, our way of life, and our standard of living.

I have a sense of seven major points to suggest. It is:

1. Service: We must continue the researches we don't know about building all of the facilities necessary to supply all present and prospective consumers in our service areas. We must continue to gain and maintain the best possible service.

2. Personnel: We must employ as many good people in every field of endeavor. College surveys in both the scientific and business administration area tell us that electricity is not a popular employer, that students believe it does not offer the advancement necessary for the career in business. I am convinced that in a great many cases their conclusions are false; that our industry is a good employer to the right type of person and is in a field which is vitally important to the American people.

However, I strongly recommend that every company review its advertising and sales effort and emphasize the finest possible people in engineering, operation, maintenance, law, sales, advertising, publicity, public relations and political relations. It is important for us to try to position in the best possible position to pay whatever compensation and privileges necessary to attract the best people.

The old theory that better pay is the best way to get better employees is not a regulated utility we can pay as high salaries as other industries is and always has been. The reason is that the foundation. If highly efficient employees can be obtained, it means lower expenses, reduced expenses, reduced cost to the consumer. In our industry where profits are being preserved, the cost is the one who bears the cost from efficient management.

3. Public Information Program: We must have a vigorous, active, and constant in our advertising public information programs. Surveys clearly show that people do not know about preference, tax discrimination against government in industry, and many other facts. When they are informed, they are in a condition to do phenomena that suggest these.

4. Economic Education: With other than distribution, we can significantly carry on a major economic education program. I believe that American people will realize and will participate with the last ounce of devotion to government and business, the prestige and support of the people and all the benefits that result from it. It is a National Interest: We must as individuals, as businesses, and as Americans in taking an active and aggressive part in programs sponsored by Federal and political parties in the party and in the community.

5. Others Must Become Interested: We must encourage all those interested in our proposal and example and adopt the same programs.

6. Oppose Government Ownership: We must aggressively and continuously safeguard ownership in every field of business.


The European Atomic Energy Community (Euratom) and the United States Atomic Energy Commission announced April 13 that they have submitted proposals to build and operate nuclear power plants in Western Europe. The proposal is to install within the Community in the next four to six years the generation of electrical capacity through the production of nuclear power to meet the growing needs of Western Europe.

The invitation was issued by the American National Bank in Brussels following the coming into force of the Euratom Treaty. The operation between the United States and the Community. The proposals will be reviewed and the one to the Euratom Commission and the U.S. Atomic Energy Commission. The plants will use reactors on which research and development have been carried to an advanced stage in the United States and will be operated by enterprises in the member states of Euratom (Belgium, France, Luxembourg, and the Netherlands).

Important date in the timetable for completion of plants is Dec. 31, 1965. With the target date chosen maximum speed are:

Sept. 1, 1959: Deadline for submission of proposals.
Dec. 31, 1960: Target date for selection of projects by Euratom.
April 1960: Target date for beginning of construction.
Dec. 31, 1963: Target date for completion of plants.

The American and Euratom have reserved the right to defer completion dates of two projects by an equal period of possible significant technical development in the next 10 years. In the event of such development, the comparable schedule will be established.

In the hope of being able to select projects in an early date, the two Commissions prepared to consider proposals on the basis of a joint meeting on Sept. 1, 1960.

Our choice is simple. We can do it ourselves or we can let it be done by our neighbors. This is not we are doing anywhere near any electric plant development under these points. We are looking for a way of more aggressive, more energetic and more powerful major government in the destruction of important advantage of business.

Conclusion

America today is the world's outstanding example of freedom and prosperity for all.

Nuclear Power Plant Proposals Invited Under Joint U.S.-Euratom Program

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Drivers Judges Nominated for '59 Loeb Journalism Award

Judging panels for the 1959 Loeb Awards for national business journalism have been announced by Laurence J. Ackerman, dean of the University of Connecticut School of Business Administration, and Chairman of the Loeb Awards Committee.

Judges for the second annual awards were chosen with equal consideration for the wide range of business, education and publishing interests of the judges.

They are for newspaper entries: Lee Bristol, Chairman of the New York State Chamber of Manufacturers; Harold V. White, director, Howard University Graduate School of Business Administration.

Judges selected for magazine entries are: Stanley Hope, President, National Association of Manufacturers, Vermont; Edna Alden, Associate dean, Harvard University Graduate School of Business Administration.

Judges selected for books (papers sold) entries are: Henry A. Bibb, Executive Director, Institute of War, Stanford University. They are for radio and television entries: Robert G. Short, President, New York University School of Business Administration; Herbert E. Douglass Professor of Finance, Stanford University Graduate School of Business, and Gerald M. Leeb.

There are a number of things that we make it possible to think, or, more properly, to forget. The week's COLUMN IS ABOUT one of them: THAT YOU SHOULD LET THE CUSTOMER SAY SOMETHING. You may have seen the most experienced salesman forget that is true. He forgets that there are differences, especially among American women investors who work primarily among women investors who depend largely upon their income, and that very some of them have a small amount of time, so you sound to you? It sounded just WHAT HE WANTED, not to mention the fact that you don't have, no, you should have. His idea is also changed from Friday until Monday. Suggestion for Certain Accounts when you're buying hardcover and all list their dividend and interest payment dates by months. For example, for the month of January, use a search for "January" to find them. The months of the checks will be due and when interest coupons should be clipped. Do the same for each month in the year. Then bind these check dates together in a notebook or similar bound book. Make sure to include similar dates in other years. For example, for the year 2020, you will also have to do this. In fact, some of them may even talk about it among their friends.

New Data on Electric Current Used Aboard

Kinds of electric current used in the principal cities of almost all of the world's major cities are given in a new booklet just issued by the Bureau of Foreign Commerce, Department of Commerce.

Entitled "Electric Current Used Aboard," the booklet has prepared as a handy reference for manufacturers and exporters requiring information about available foreign countries. Travelers planning to take electric plants and other equipment will also find it a useful guide for their own use. The booklet provides information in the cities to be visited.

Types, phases, cycles and voltages are listed for cities grouped by countries in alphabetical arrangement. Though covering primarily for educational use, available data on commercial and other business service also are included.

The 77-page booklet may be obtained without charge of the Bureau of Documents, U.S. Government Printing Office, Washington D.C., or from any Department of Commerce Field Office at 25 cents per copy.

New Sade Branch:

CHARLOTTESVILLE, Va.,—Sade & Co. has opened a branch of its Charlottesville office, under the management of Robert J. Boyd.

Michael A. Voccoli

Michael A. Voccoli, associated with Red & Harbor, Inc., New York City, has changed offices in New York City. He passed away suddenly on April 9. Mr. Voccoli was a very active member of the Security Traders Association of New York.
Edward Werle Renominated by New York Stock Exchange

Edward C. Werle has been renominated to serve a second one-year term as Chairman of the Board of Governors of the New York Stock Exchange. Mr. Werle previously was Board Chairman of the American Stock Exchange in 1944, Vice-Chairman two years later, and Chairman in 1947, an office he held until 1950. Total time of service on the Board is 33, including the Exchange President, G. Keith Funston, and three Governors appointed specifically to represent the public. Elections will be held on May 11. Renominated to be Trustees of the Gratuity Fund, from which payments are made to the families of deceased members of the Exchange, are Richard Davis of Blake, Whittemore & Co.; John M. Young of Morgan Stanley & Co., for three years; and William K. Beckers of Spencer Trask & Co., for one year.

The 1939 Nominating Committee also proposed the following to serve on the 1960 Committee:

In addition to Mr. Holland, the 1939 Nominating Committee included:

Alabama Power Wins EEI Award

Southern utility company wins colleague's plaudits in the industry at 27th annual meeting of Edison Electric Institute for comprehensive program of water-resources development. The Alabama Power Company received the electric industry's highest award, the Edison Institute's 1960 Award, for "exceptional business statesmanship" in developing the water-resources program of the Coosa and Warrior River system. The Award was presented to Thomas W. Martin, Chairman of the Board of Alabama Power Co., by J. B. Corette, President of the Edison Electric Institute, at the close of the Institute's 37th Annual Meeting in March. The Service Award was given for the first time this year, taking the place of the Charles A. Coffin Award which had been presented annually at previous EEI conventions.

Alabama Power Company was cited by the judges "For exceptional business statesmanship in conceiving a comprehensive program for the complete development, by use of private investor capital, of the water-resources of the Coosa and Warrior River systems in Alabama, for its effective public-information program regarding the development, for giving the necessary Congressional legislation and the approval of Federal bonds required to carry it out, thereby providing the State of Alabama with valuable public power, navigation and recreational facilities, together with flood control and conservation of the water resources of the State, all accomplished without major controversy and all contributing importantly to the public welfare in economic growth of the whole State."

The 421,700-kilowatt Coosa River project consists of a dam and a reconstructed powerhouse and an increase in steam capacity and of an existing dam. On the Warrior River, Alabama Power is completing the Lewis Smith Dam. It also has a license to install a power plant at the government dam formerly known as Lock 17 and more recently named Bankhead Lock and Dam. It has a preliminary permit relating to the installation of generating facilities in the navigation pool, to be built by the government at Lock 13 on the Black Warrior River.

Alabama Power was selected for the Award by a committee of judges, comprising the Institute's 12 Governors. The Edison Award is given annually to an electric company for "outstanding contribution to the development of electric power for the public welfare and the convenience of the public and the benefit of the industry."

Consisting of a gold medal for the winning company, and $1,000 for the company's employees' benefit fund, the Award has acquired national prominence in the public mind as well as in the electric industry for its significance in recognizing accomplishments in service and progressive development. Until the establishment of the Edison Award, outstanding achievement in the industry was recognized on the occasion of the presentation of the Charles A. Coffin Award, which was given annually from 1922 to 1957.

Federal Land Banks Offer 37½% Bonds

The 12 Federal Land Banks, through the banks' fiscal agent, the Edison Institute, presented 231 million of 3½% bonds dated May 1, 1950, and due April 15, 1960. The bonds are offered at 98½%.

The offering is being made through the banks' fiscal agent, John T. Knox, 130 William Street, New York, N.Y., with the assistance of a nationwide dealer and banker group.

The proceeds from the sale of the bonds will be used to redeem bonds issued during World War II, on May 1, 1955, and for lending operations.

Oklahoma Gas and Electric Company

...continued steady progress in 1958, throughout its 30,000 square mile service area, the hub of the great Southwest.

1958          1953          % Increase
Revenues      $54,299,000      $34,909,000      56%
Net Income     $11,186,000      $ 5,997,000      86%
Earn. per share  $1.45          $0.95          52%
Kwh Sales (000) 2,802,000    1,825,000       54%
Generating Capacity—Kw 968,000 435,000 120%
System Demand—Kw 713,100  408,400 75%

Write for our 1958 Annual Report for statistical data and information relating to our broad service area.

Oklahoma Gas and Electric Company
321 North Harvey, Oklahoma City 1, Oklahoma
DONALD S. KENNEDY, President

NORTHERN INDIANA PUBLIC SERVICE COMPANY
Hammond, Indiana
Designing Electric Utility Systems for the Future

less unit installed on the combined systems.

Many systems are becoming large and complex that automatic load control is necessary for their efficient operation. Economics result from closer adherence to load conditions than they have been in the past. Systems will be composed of many machines with little difference in their efficiencies. Therefore, unless peak-shaving capacity is provided periodically, relatively efficient machines will move away from load base to load peak portion of the load curve, where the cost of obtaining high efficiency is justifiable. An analysis made for the Philadelphia Electric Company shows a possibility of large savings in annual cost for an extensive use of this type of equipment as a supplement to providing base load capacity. One of these diesel generator installations has been purchased and installed as an experimental basis to get actual operating experience.

One operation that requires intensive research and development is the complete automatic control of large and small turbine-governor systems, including all operations and checks necessary on start-up and shut-down. The investor should have the operator initiate the load and make all operations would be handled automatically until the governor was carrying the load. The use of automatic dispatching equipment.

Present large generating stations are designed so that the operators are in an extremely difficult situation facing the industry which will not include costs, but may result in a dislocation of considerable capital costs resulting within the next five years. This is the problem of switching in order for heavy equipment, transformers, boilers and turbo-generators that will be required for the rapid increase of manufacturing facilities, and the increased use of large generation in order to produce high quality and economic output on the part of the manufacturer as to the utility.

New sites for generating stations must be obtained at an increasing cost in view of the existing capacity, even though it has been announced that the existing capacity. The centralization of the capacity and stations having multi-million kilowatt capacity are to become more commonplace.

Overcoming Transmission Expense

Outgoing transmission line capacity has been the bottleneck to electric utility development. Hand-in-hand goes the problem, the restricted, overloaded transmission lines. They are congested, built-in up in sections, and land is becoming scarce and therefore prohibitive in cost for the addition of new capacity required by a number of high cost. This is a major problem, and a major benefit to all the manufacturers of these lines are highly valuable, but even more serious is a large variation in the labor force. This is a labor problem, costly to the essential people and skilled labor to be utilized in engineering and shop labor schedules, and costly to the customer in delays and construction schedule, as well as to laborers that are the inevitable result of overloaded manufacturing facilities. On the basis of cyclic pattern on major equipment operating, the manufacturers will be forced to provide the fifteen high and low peak hours, as well as with the turbine-governor capacity that is available with each of the years 1963 and 1964, and that will be skillfully used for the installation even under present construction conditions. The combination of these two will provide considerable improvement in both peak power and flicker.

This cable insulation problem is being attacked under joint sponsorship of the industry and the manufacturers. The manufacturers may be able to develop that is satisfactory for direct current up to 600 kV.

As an alternate to this there is a possibility that high voltage direct current will provide an answer. This is the direct current at 600 kV to 1,000 kV. The technique of conversion and inversion is so expensive that it is economical for only to feed over long distances. However, it does offer a number of attractive advantages which may be a major factor in special applications. Most of the development work has been done in Europe. The fact that the ultimate number of operating installations may be few questions is of concern. The technique is not limited to the local conditions, but it may affect the economics and interests of all.

The increased power delivery requires new high intensity street lighting. Once again the type of growth is going to be limited to. It all becomes factors in light and heat, the automatic load builders is going to be higher electric power. There has been a considerable amount of work done to develop this new lighting system. But with the combination under development, with a new lighting system, but the economic penalties may be high. The number of systems may ultimately be limited to one, and the value of the product and its use will depend on local conditions, but the economics and interests of all.

Lighting problems, in connection with the load growth of the past several years, have been a matter of discussion. The expanding capacity of the electric utility customer is the inadequacy of wiring on the secondary and improving of the customer property. A possible solution is found in the increasing use of light. This is being tried in some municipalities and areas of the country. The question of how we can provide light in a manner that can help to solve the problem of the increasing load demand, and this can be done with the existing capacity.

The new light, as the gasoline, is going to be provided at the present level. It will be a matter of growth at a high load. Lighting standards should be established for new construction and for all facilities replaced for capacity reasons in the future. The distribution system and transmission lines are very important.

There are trying times ahead before the industry can continue to make the necessary improvements. The investment in the use of our product. It must be able to provide an increasing growth at a natural and necessary rate, but the country has sought it, it must be in the terms of the past, many of our customers that growth will be sudden and unexpected. Let us banish this thought. It is too possible that the sudden growth in the capacity of the industry will be caused by the replacement of the existing system and the new lines. The capacity and growth and development will go up in many natural laws. Just two days before the same, the sensitivity of our eyes to light will be reduced, and this is true for us.

The sensitivity to light and light and shadow is increased by the growth of the market. The market is expanding in many directions and our customers' problems may be solved by the expanded system. And sales must be geared to this expanded system of increasing light. This is the important point to remember as we plan for the future.
Our Reporter on Governments

By JOHN T. CHIFFENDALE, JR.

Yields in the near-term money market are moving higher, and the long-Treasury bill in the May refunding and new cash offering, it is believed, will reflect the belief that the Treasury department will opt for the long-Treasury bill in the May refunding and new cash offering. It is believed that as the budget is not in balance and there is no surplus of funds, the announcement of the happening, the Treasury will have to be in the money market capital in the short term. This does not give either one of the major banks enough time to digest the issues that are offered, which means that an uncertain element could be added. The competitive position of the banks is further compounded by the fact that the market has been under a bit more pressure than is normal and there is evidence that certain investors are taking losses in these securities and putting the pressure on the banks and other institutions. The tax-free yield is more attractive than in previous years.

Fixed Rate Treasury Issues A Price Depreciant

The full defensive tone in the fixed rate market is challenged by the renewed attention being given to the sale of the operation of the Treasury which will embody not only the refunding of the old 6% semiannual 60-year bonds due in 1961 but also the raising of new money. There will be the sale of $400,000,000 of special bills and $1,817,000,000 of certificates of indebtedness. The sale will come into the market after the announcement of the establishment of the $2,500,000,000 and $3,000,000 of new money in order to place them in the market for either refunding purposes or for the raising of new money for the digging of the issues previously in tax-exempt obligations. Accordingly, there is no improvement in the demand of the debt lengthening of the current fiscal year which ends on June 30.

The fact that the Treasury has permitted the market to review the market for either refunding purposes or for the raising of new money for the digging of the issues previously in tax-exempt obligations. Accordingly, there is no improvement in the demand of the debt lengthening of the current fiscal year which ends on June 30. There is no shortage of these securities, and if there were any shortage of price betterment in these obligations the Treasury will offer securities that will put a ceiling on the uptrend in these quotations.

Better Yields Available In Other Securities

There is a definite demand in money market circles but what the Treasury has proposed is not possible, if only in token amounts, of securities that will extend the average maturity of the government debt. This tends to limit the appeal of the Treasury’s proposals of the government bond market since it is evident that there will be no shortage of these obligations. On the other hand, the demand for such issues has not been sizable for a long time, since the usual buyers of these issues are brokers, but their demand for such period because they are concerned about the prices of their margin against the ravages of inflation.

Also, the upward trend of taxes, with increased government purchases of many institutional investors, is not encouraging. The usual demand includes purchases of government bonds, but by making commitments in tax-exempt obligations, the institutions that are not concerned with the investment of their funds is to be yielded from corporate bonds than they can from long-term government issues.

Corporation Buying Coming To An End

The coming operation of the Treasury is expected to be in short-term issues mainly with the long-Treasury bill playing a favored role in this one. It is evident, however, that the government is not going to be able to sell these issues indefinitely to corporations by the method of having the commitment to the bank and dealers set as underwriters—because, with the improvement in business, these corporations will have to use their liquid funds not only for the rebuilding but also for some expansion of facilities. This means that eventually the deposit banks will be the main buyers of government securities whether they are offered for refunding or new money purposes.

Reserves of New York and Chicago Banks to Decrease

The Senate Banking and Currency Committee unexpectedly voted last week to abolish the central reserve city classification for reserve requirements of member banks of the Federal Reserve System. The effect of this move, if allowed to remain in the final version of the banking legislation, will reduce the reserve requirements of the New York City and Chicago banks. Understand existing $400,000,000 of reserves for the New York City banks. At present, the reserve requirement for the New York City and Chicago banks is 15% of demand deposits. Banks in other large cities have reserve requirements of 10%. This figure would apply to the New York City and Chicago banks under the proposed act.

Join Thuas, Day

(Special to The Evening Chronicle)


With Diethenhofer Co.

(Special to The Financial Chronicle)

SOUTHERN CITIES, N. C.—Wills E. Kivette is with Diethenhofer and Haffner, 670 South West Broad Street.

Robl. Lehman Named Foundation Chairman

Robert Lehman, senior partner of the New York investment banking firm of Lehman Brothers, has been elected Chairman of the Board of The Fannie and John Hertz Engineering Scholarship Foundation, it was announced today, by the annual meeting of directors in Los Angeles, Calif.

Named President for the current year was Ed-

Robert Lehman

 anarchist, William D. Wyatt, partner, Simp-son, Thayer and Bartlett of New York, and Counsel for the United States Preparedness Committee headed by Senator Lyndon Johnson of Texas. John D. Hertz, founder of the educational trust, will serve as Chairman of the Executive Committee, his officers include Harry N. Wyatt, partner D'An-geles; Philip A. Hertz; and President of Chicago, who will become As-sistant Chairman of the Executive Committee and Secretary of the Foundation; George E. Allen, partner Hertz, Vice-President; and Allan B. Hertz, partner Lehman Brothers, who will serve as Treasurer. President of the Foundation is to serve the President and Chairman for one year. Those designates may succeed to the same office after a lapse of two years.

Directors of the Foundation are: Allen B. Hertz, William D. Wyatt; Robert Lehman; George A. Albee; Robert P. Carson; John D. Hertz; Fred W. Hooper; Allen B. Hunter and William H. Kahr, partners, Lehman Brothers; Robert Lehman; Floyd C. Ollum, Chairman of the Board of Directors; George H. Rosenberger, retired West Coast publisher; Robert W. Holley, Director; Livemore Branch of the Lawrence Radiation Laboratory, University of California; Edwin L. Weis; and Harry N. Wyatt.

With Pacific Northwest

EUGENE, Ore.—Robert P. Car-son is now with the Northwest Electric Company, 11 West 11th Street.

The world-wide prestige of Pacific Coast and west Coast products and workmanship, the strong demand in the state, encourages diversification and stimulates expansion.

THE HARTFORD ELECTRIC LIGHT COMPANY serves the busy metropolitan areas of Stamford, New London, Hartford and Torrington. Annual Report on request.

176 Cummertend Avenue

Wedested, Connecticut.
New Dimensions in The Electrical Future

Financially far greater considerations of life, performance and service quality are being compounded by the decision of the TVA to buy its first turbine generator set from a foreign manufacturer.

Prices and Productivity
We are hearing a good deal these days about the productivity increases that are causing serious concern among our political leaders. It is a valid argument if the American economic system is to maintain its competitive advantage, but he doesn't. The fact is that improved productivity means less production to maintain the same consumption levels, and the unemployed consumption means increased consumption... and decreased employment. It is growth through productivity that has made America an economic giant.

In the past 10 years and has put out a new million of our people at work at record-high wages. And this is good since the ability to increase the amount of goods we produce and consume every 25 years is what makes a country great. But is that makes us equal with the very great manors of the nations at the other end of the scale? If this nation ever acts to curb unemployment for any reason whatsoever, the finished product is.

We are also hearing a good deal these days about industry being able to afford to pay wages, increase in excess of productivity. We are hearing the old, tired, falling prices, financing the added income of the people, product availability, that is what has been doing it, but certainly not electrical equipment industry. In the five-year period 1933-38 the average income of both of the producers of electrical power and the power line workers is an increase of 50 per cent in 1938, without any price increase. The industry is an example of what the American system of capitalistic competition can do, and is an example of what the American system of free enterprise can do.

These problems—we have these problems of spiraling costs—of wage rates outstripping productivity gains—of wage increases costing us out of competition with foreign producers— these problems are larger than our industry can solve, and our industry—the future of our economic system is dependent. We have seen that our nation meets the same problem of the electrical automation.

One of the most important factors in the equation of inflation: we must hold the line on wage costs, we must resist increases in excess of productivity. I must confess that this job involves some problems that our efforts to improve productivity do not.

One of these is the problem of public awareness of the vital importance to the safety of our economy posed by inflationary wage increases. We must make every effort to do our part to the end of the nation's economic power.

But the nation's economic power is reinforced by increased community relations, and with the power industry, with the public, are in a unique position to help create a climate of public understanding and education as an essential part of this massive problem. This is where the TVA comes in, and we dedicate ourselves to this purpose.

Closing Summary
In closing, let me say that while we are not the rich talent available to us, with the resources available to us for cost cooperation, we have established, we have the equipment and we have the potential for achieving our objectives.

The days of large Westinghouse and Thomas Edison have so many new and exciting things happening so fast in this industry of ours. It is work one produces, one creates, new machines and methods, and most important, with new things that are going to happen. In atomic power, we are all work one is doing things.

Today there is almost no limit to what we can achieve, whether we apply that technology to industrial machinery or to the home appliance, to the automobile, or to the space vehicle. This is true, above all, when we apply technology to electrical power: a fact which a philosopher has called a new tool of man's capacity to create, a new world, the most powerful and the most dangerous tool which man has ever had under his control.

Beyond that, industry needs and wants what we have to sell, the public needs and wants what we have to sell—and the public to accept—look for the purchasing power and the highest personal income in its history. And we can help make more widespread use of electrical would enable the Live Better Electrically, Power. The...
union leaders. Often he is de‐
lighted to find his way to the family when ordered out on strike, no matter how far it may be. An isolated and irresponsible of his individual desires.

It becomes urgent for us, there‐
fore, to look into the proper reaction back to the individual as an individual.

Obviously we cannot lose sight of the material needs of people, but before we can become individual, we will not make progress. Government cannot be a friend of the people in the absence of the individual.

Where do then we draw the line between government doing things for the individual and individual doing things for himself? It seems to me this Administration and the one standard to guide us: namely, that everyone to do for himself when they are free to do so.

Cleared-Test

Now the scientific power field is one cleared-cut area in which the line cannot be drawn as easily as we are to do in order to get a sound basis for the development of free enterprise, not because you are free enter‐prise, but because you are not government.

As long as you are not govern‐ment you still stand for those values which place the individual first, which offer him the greatest opportunities to develop his intellectual growth and, consequently, the most freedom and progress. Government also does this.

If at times I have given you cause for pessimism, don’t think for a minute I am pessim‐istic. In what I have been out‐lining I see hope for the conser‐vative and I do believe there is an unhackable certainty that what we believe in today will continue to be the future. It is the liberal, who argue continually for greater governmental control of business, that have nothing to offer except more and more government. This is not the way to serve the country, if they want to remain true to their philosophy. In other words, the reaction to this is: What we have seen of course is obvious it needs no elaboration.

We have come to the edge of the other hand offer the only opportunity to get back to a sound basis. We have founded on proven results—values which have never failed in the past, and we should stand on the belief that only to the extent the welfare of the whole per‐sonality is developed to its ulti‐mate extent will the society advance in the best interests of all the people. The reason I am opti‐mistic is that I believe this is what we stand for is sound. Let us never weaken in this belief.

New Clayton Office

ST. LOUIS, Mo.—The opening of a new office building, the New Clayton Office of the Clayton & Co., Inc., has been announced by Hiltton H. Clayton, President.

At the same time, he disclosed the appointment of James J. Gof‐foyl as District Manager, and Su‐pervisor of the new office which is located at 727 James Building.

With Midland Investors

(Special to The Commercial Chronicle)


Scientific Products

Stock at $2.50 a Share

R. G. Worth & Co., Inc., of New York City, are publicly offering to home tide residents of the State of New York an issue of 95,000 shares of Popular Scientific Products Corp., at $2.50 per share as a speculation.

Popular Scientific Products Corp. was incorporated in New York on Jan. 26, 1929 for the pur‐pose of manufacturing and mar‐keting consumer (packaged goods) products to be sold to a mass mar¬ket, basically through the medium of supermarkets, chain drugstores, etc.

The net proceeds from the sale of the stock are intended to be used for the promotion, manufactu‐re and sale of an individually foil-wrapped pure chocolate vita‐min cube and other products.

Two With Mason Brothers

(Special to The Commercial Chronicle)

OAKLAND, Calif. — Hugo A. Carasino and Frank W. Ens are now with Mason Brothers, First Western Building, members of the Pacific Coast Stock Exchange, Mr. Carasino with Frank Knowlton & Co.

With Powell, Johnson

(Special to The Financial Chronicle)

PASADENA, Calif.—Edwin W. Petersen is now connected with Powell, Johnson & Powell, Inc., Security Building.
An Analytical Review of The Retail Trade Field

have fluctuated from a high of $23.6 billion on an annual basis in the third quarter of 1950 to a low of $22.6 billion in the fourth quarter of 1954. Here levels of employment and the general level of business activity stand. We all know that despite rising unemployment during both the past two recessions, retail sales, and to a smaller extent, the general level of employment has remained relatively high. We have seen a considerable number of marginal stores have been eliminated.

Diverse Opportunities

What does this mean to us? It means that the number of retail stores that need to be maintained is substantially lower than the number that existed in the past. Therefore, the number of persons employed in retail trade is also lower than it was in the past. However, this does not mean that there are no opportunities for employment in retail trade. On the contrary, there are many opportunities available for persons who are willing to work in retail trade. The opportunities are diverse and include positions such as store managers, sales clerks, and inventory control clerks. The opportunities are available in both small and large retail stores.

Brown District Manager For Broad St. Sales

CHICAGO, Ill. — Robert H. Brown has been appointed a District Manager of Broad Street S.A. in Indiana, Minnesota, South Dakota.

Immediately prior to joining 1964, Brown was employed at Sales Corporation. Mr. Brown was associated with Brown, Bechard & Co., a Norfolk, Va., firm, and with the retail distribution of mutual funds.

To Form Schiff, Teller

Schiff, Teller and Brown, men of high repute, have decided to form a new firm. Plans for the new venture will be announced as of April 15. Offices will be located at 20 Broad Street, New York, N.Y. The managing partners will be Irving Schiff, Jack P. Teller, and Lester D. Brown, members of the Exchange, general partners, and Herbert A. Dann, limited partner.
The totalitarian countries in modern totalitarianism is a major concern. The issue of maintaining technology and resources has been a major challenge. If we do not maintain our technology and resources, we will be at a disadvantage. Russia's industrial complexes are spread all over the country, and we are concerned with the vulnerability of this centralization and trying to diversify. Each Russian complex is designed to be self-sustaining, with working living close to the factory. This eliminates, or at least reduces, the cost of transporting the work force. If need be, they can cover the cost of this through the production of steel annually. It is only in the industrial areas on earth that a small percentage of the working population living entirely off income and have begun using up resources.

Few of us are willing to accept the consequences of a revolutionary change in man's dependence on nature. We twist and speculate to accommodate ourselves to a new situation. We maintain our industries and resources. And so we delude ourselves by dwelling with satisfaction on material gluts on world markets and the fact that resources exhaustion is a temporary. Temporary surpluses are, of course, a result of the fact that sooner or later even the best kisses are exhausted. If one keeps drawing on any savings accounts, it is unlikely that we have been overactive in saving raw materials, as the phrase "we are a free people."

There is nothing to prevent us from utilizing Madame de Fonspard and shrugging off responsibility for the frivolous phrase. After all, we delude ourselves. Let us face up to the fact that when we use up our nation's capital in nonrenewable raw materials, the future for the sake of the pharaohs. Russia and the empire over the centuries, which controlled the raw materials, possesses all the fuels and minerals needed for energy. The amount of a raw material position has been worrisome in the last few decades.

Living Off the World

From an exporter of copper, lead, zinc, petroleum, iron, oil, and lumber, we have become an importer of these materials. Though two world wars have made great inroads, the main reason for this change from exporter to importer has been our voracious consumption of resources to sustain a continuation of our expanding population. The mid-century saw a consumption annually 10 tons per person in material; including 14,000 pounds of food and the nation that consumed 5,000 pounds of ores. According to the Petroleum Conservation Report, it is strictly a mineral or fossil fuel which the quantity used in the United States is equivalent to the amount of the First World War did not exceed the total used throughout the world in all the centuries preceding. Not only are we consuming our own resources, but we also make heavy inroads into the resources capital of the rest of the world. Robert C. Cook in "The People's Petroleum Conservation remarks: "we appear to have grievously impinged on the future of people of lands." The fantastic increase in the levels of living in the United States has been the expense of nonrenewable raw materials not only of our own resources, but of our..."
Illusions Cost Too Much

Those of the rest of the world as well. The gargantuan scale of this disaster is reflected by the fact that by the end of the 19th Century, the United States alone was responsible for more than half of all the raw materials used in the world. In the 20th Century, when the United States was the dominant economic power, we continued to use our raw materials in the same way,

In both cases, the root cause of the problem is the illusion that we can do without the raw materials that we use. When we use up the raw materials in one industry, we simply replace them by using other raw materials in another industry. But this does not solve the problem. It only delays it, because the raw materials that we use in one industry are the raw materials that we need in another industry.

The only way to solve the problem is to use less raw materials. This can be done by using more efficient technologies, by recycling more materials, and by using materials that are less harmful to the environment.

Favre Foundation for Environment

A good case can be made for the Favre Foundation for Environment. It is founded on the principle that the environment is a common resource that belongs to all of us. The foundation is dedicated to protecting the environment and to making it a priority for all of us.

Favre Foundation for Environment

The foundation was founded in 1990 by a group of business leaders and environmentalists who recognized the need for a new approach to environmental protection. The foundation is based on the belief that the environment is a common resource that belongs to all of us.

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Emotional Elements Render Business Fluctuations Inevitable, Rukeyser Maintains

Publicist asserts business is unduly stimulated by non-economic factors, including armament building and error in judgment. Great uncertainty of the currency would dampen the country’s growth potential, maintaining real growth cannot be manipulated, but results from creative ideas of inventors, engineers and merchandisers.

If human beings became pure thinking machines and divested themselves of emotion, then perhaps the hope of economic stability would be fulfilled.

This view is held by Meryl Stanley Rukeyser, author of "The Ad-Sell World" and six other books on economics. She feels that cause of pulsating variations in human sentiments of optimism and pessimism for sustainable growth are the market pressures and economic conditions. These should include a sound monetary system, a general governmental taxing and spending program, and a wholesale pressure to the cost sheet of enterprises.

Restrains on Recovery

"This current period of recovery is restrained to a great degree by the pricing system, which tends to push up the current cost of customers' prices. In the final analysis, must be in balance with costs, and costs are inflated by high taxes, on the one hand, and high labor costs, on the other. If cost of living is not outstripped by cost of wages, the business is headed for a defeat.

In connection with the current Great Debate between President Eisenhower and his critics on the possibility of Federal spending on national economic growth, the publicist has made the case that the Federal pump priming expenditures and others are outdone by the historic 5% per annum to 5% by which Federal expenditures are increased as the discussion by military savants as to how many men land on the end of a needle.

Dampening of Growth Potential

"Nobody in private enterprise, put in control of the competitive system, each strives for as big a slice of the market as he can get. Historically, this has averaged out at an annual over 5%.

Under a private enterprise system, growth depends on the confidence of business enterprises and the public finance them. If ridiculous government spending prevents the currency’s value, it would be a danger to the growth potential. Authentic growth cannot be manipulated, but is the resultant outgrowth of ideas of inventors, process engineers and merchandisers.

Since the beginning of this year, the American people have witnessed a big economic gains in two major ways. One was the greatly increased leisure with the shorter work week and another in the form of more and better goods to the home toil per hour exchanged for what is produced.

An outstanding public need is to restrain government progres must be measured in terms of providing more and better things in exchange for a week's work, not in manipulating dollar in a manner that cuts down, instead of increasing, the purchasing power of President Eisenhower’s current battle for sound money wage growth is markedly as significant as his earlier wartime intervention of Normandy.

Currency Impairment a Delusion

The government is convinced that the illusory benefits of currency inflation are a snare and a delusion. This generation has been enlightened by the miracle in West Germany which has been accomplished through loyalty to sound economic principles of Lange, France too is turning away from currency inflation. The Conservative party in Great Britain under Prime Minister Churchill has been able to raise the bank discount rates of 5% in order to correct unwholesome trends in the international balance of payments.

The political and economic trends in Western Europe parallel the tendency among academic leaders, especially in Great Britain, to lean away from the more general theories of John Maynard Keynes. The beginnings of a similar change, with a bit of a time lag, are also discernible among economic savants in American universities. The world is free thus being greatly strengthened.

Need specialized help in any of these directions?

The modern approach to solving special business problems is to call for specialized help. This is not always easy for regular auditing staff to provide. You don’t have to do it yourself, and you save a great deal of money. Businessmen have been found to be so hard by long experience solving similar problems for other organizations, rather than through industrial warfare. Yet the sophisticated are predicting that with economic recovery this year there will be an increase in the number of strikes. Employers are trying to determine some defensive solidarity against strikes through emulating the mutual help scheme originated by six airlines and approved by the Civil Aeronautics Board. Hawaiian sugar growers have similarly undertaken to distribute among their employees some funds to prevent the strike.
The State of Trade and Industry

production equipment and methods and expand their markets.

Steel imports have been rising for several years, while exports have declined. Manufacturing costs continue to rise as their overseas sales drop in like proportion. Another trend: Many of our corporations are building or buying plants overseas to compete in the international market.

"Rising wages and prices are beginning to outstrip the competitive advantage of the domestic producer," said one government official. "The cause? "A substantial part is Government-induced inflation. Some folks talk as though inflation is merely a future threat. But it is here, it's here, and it's getting worse."

"From inflation spring the wage increases that exceed production. This is a natural result which encourages our efforts to challenge our competitive marketing capability. The inflation we have put on our backs is a tax which is being paid by the Government is now hitting us in world markets."

"The way to handle inflation is to "stop inflating," declares one. "If we did not have this tendency and our national trade is one more sharp warning that the time to stop is long past."

"Our Congress, the labor leaders, and our public ought to consider that warning before they let either the protectionists or the inflators drive us out of home and foreign markets."

The Labor Department's Statistical Bureau report that the 295,000 housing units that were put under construction during the first three months of 1959 exceeded any prior quarter in history. The pace of construction is expected to remain high for that month.

In a recent statement, James P. Mitchell, in a statement on the first-quarter record, said the figures "mean our economy is punchy, and the trend is evident. They mean more jobs for more people building more houses," Mr. Mitchell said. "New housing starts also mean new appliance sales, new furniture, and of course, increased demand for building materials.

"For many trades from lumberman to plumber, this is good news."

State Bank Clearings Up 16.3% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" indicate that for the week ended Sunday, April 11, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 16.3% above those of the corresponding week last year. Our preliminary totals stand at $3,204,834,809 for the week ended April 11, against $2,760,575,850 for the week ended April 12, 1958. The positive swing at the principal money centers was as follows:

| City       | Weekly Clearings 1959 | Weekly Clearings 1958 | Change
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>New York</td>
<td>$12,252,806,623</td>
<td>$10,148,642,699</td>
<td>20.7%</td>
</tr>
<tr>
<td>Chicago</td>
<td>1,134,208,608</td>
<td>1,142,524,227</td>
<td>0.7%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>982,000,000</td>
<td>791,000,000</td>
<td>23.9%</td>
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<tr>
<td>Boston</td>
<td>691,712,281</td>
<td>577,305,128</td>
<td>19.9%</td>
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Synthetic Lubricant Sales Seen Rising

Synthetic lubricant sales will rise significantly in the next few years as commercial airlines switch from piston-type aircraft to jet and jet-powered and jet-propelled vehicles. The "Chronicle" is informed that the move will increase the use of synthetic lubricants. The move is expected to be even greater in the years to come. The United States will be a leader in this field, where it is likely to dominate.

Record Output of Steel During March

Steel production set a monthly record during March, when steelmaking furnaces poured 11,567,507 net tons of ingots and steel for casting, according to the preliminary records of more than one company.

The total for the first quarter of 1959 was 30,487,323 net tons, largest amount produced since the first quarter of 1957. The total for the year was 8,730,837 net tons. The record March production was more than 53 million tons above the record production of 1958, and more than 1.9 million tons above the production of February 1959. The total of 11,567,507 net tons indicates a production for the first quarter of 1959.

The index figure for the first quarter of this year was 146.7, compared with 141.9 the first quarter of last year. This is an increase of 4.8% above the production of the first quarter of 1959. The index figure for the first quarter of 1959 was 146.7, compared with 141.9 the first quarter of last year. This is an increase of 4.8% above the production of the first quarter of 1959. The index figure for the first quarter of 1959 was 146.7, compared with 141.9 the first quarter of last year. This is an increase of 4.8% above the production of the first quarter of 1959.

Steel Industry Stockholders Pass Million Mark

The passing of the one million share mark for the first time, according to American Iron and Steel Institute.

The total number of stockholders of steel company stockholders rose to a record high level last year and increased during the first quarter of this year.

Mr. Sullivan, 45, has been a steel investment business for 45 years, establishing his own firm in 1947.

Edward T. Volz


The employment total in all activities was 719,482 wage and salary workers. Of this total, 8,792 persons were employed in the production and marketing of iron and steel.

Critical Months Approaching for Steel Users

The next two months will be critical ones for steel users hoping to build a safe inventory against the possibility of a steel strike, according to "The Iron Age," national metalworking weekly.

"Iron Age" said that from here on it will be a race against time for both the steel companies and the users, as they are falling behind in their delivery promises for some products. This means that some steel companies may have to clean up delivery of tonnages ordered for May shipment.

The metalworking weekly added that practically all products are now at record high prices. "The June-July period may be a strike deadline if steel labor and steel management are unable to agree on a new collective bargaining contract."

Reinforcing Bar "Iron Age," that there's more to the steel boom than strike hedging. The business recovery has not been as rapid as "Iron Age" had anticipated. This has offset to some extent the drive to build up stocks.

Mr. Sullivan, 45, said the auto companies have even started to line up steel for their 1960 models. Orders in new lines for such items as the new safety masts and the new masts. Auto firms are just placing the orders, not making releases. But the moves indicate they want to be sure to get on the books. Most expect to issue the releases for May or June delivery.

Steel service centers (warehouses) also are running into problems. In the Midwest, service centers actually are out of some sizes and gauges of steel, and are beginning to have some trouble with certain bar sizes.

At the same time, the service center customers is increasing. This is something that hasn't happened to steel warehouses since the steel shortage of 1955.

"Iron Age" also had more of a factor in the steel market. A few defense contractors are insisting that their priorities be honored by the mills. Some mills reported they were not able to get better delivery on light plate for government installations. Bar stocks, too, have been put under pressure, particularly for West Coast construction jobs, which are putting a strain on the steel market.

Priorities may have a more critical effect in the month ahead, notably in stainless and high alloys for aircraft and missile work. Strike hedge buying already is firming up demand for these products.

Steel Production Shows Further Increase

The American Iron and Steel Institute announced that the output of steel in the United States reached 1,020,000 tons of steel capacity for the week beginning April 13, equivalent to 2,648,600 tons a month. This is an increase of 3.3% over the month's production for 1947-49 at an average rate of 19.4% of capacity and 2,641,000 tons a week ago.

"Iron Age" said that this week was equal to 93.3% of the utilization of the Jan. 1, 1958 annual capacity of 147,637,670 tons. Estimated percentage for the week of April 13 is 93.5%.

A month ago the operating rate was 163.8% and the producer's weekly capacity was 2,631,000 tons. A year ago the actual weekly production was placed at 1,283,600 tons, or 85%.

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

Sharp Increase in Steel Imports Cited

Foreign steel producers, paying relatively low wages compared with those in the United States, are increasing their shipments of steel products, according to American Iron and Steel Institute.

The latest available data from six foreign-nations—a major supplier of steel products—showed that steel producers were the only country that showed a significant increase in exports to the United States. The dollar value of these steel products was estimated to be $141,200,000.

Among the steel mill products from foreign countries which made inroads into domestic markets during 1958 are the following:

**Concrete Reinforcing Bars**—Of the 2.5 million tons of this product imported last year, 1.2 million tons or 48% of the total (50% of the total) was shipped to the United States. This is an increase of 23% from foreign countries, against 7% in 1957.

**Barbed Wire**—For the second successive year, imports of this product amounted for more than half of the total supply in the United States.

**Nails**—Thirty per cent of the available tonnage of this product was imported, against 20% in 1957.

**Pipe**—Imports of this product in the United States were the leading source of steel pipe and tubing imports during 1958. Belgium and Luxembourg together constituted a major source of supply of steel pipe and tubing reinforcing bars. The United Kingdom was a high-ranking source of steel and pipe and tubing.
Business Failures Rise in Week Ended April 9

Commercial and industrial failures climbed to 397 in the week ended April 9 from 284 in the previous week, reported Du Pont. April 9 was the highest level of failures since December, 1957. May 22 of last year, casualties came close to the 342 in the comparable week of 1958. The leading rate of failure exceeded the 192 recorded in 1957. Over 200 more businesses succumbed than in previal 1959 when there were 168.

Liabilities of $5,000 or more were involved in 372 of the week's casualties as against 241 in the previous week and 304 a year ago. For all liabilities, there were 455 casualties, those with liabilities below $5,000, the toll jumped to 63 from 43 and exceeded considerably the number of this also in the similar week last year. Thirty concerns failed with liabilities above $100,000, rising from 24 in the similar week earlier.

Wholesale Food Price Index Unchanged

The Wholesale Food Price Index, computed by Merchants & Broad- street, Inc., at stood at 236.14 on April 7, unchanged from the prior week. There was a decline of 0.3% from the $6.72 of the similar date in April 1958. The index was 87.56 on January 1, 1914.

Higher in price this week were corn, oats, silos, and butter; lower were flour, rice, barley, hams, salt, sugar, cotton, and eggs, and steers.

The Dun & Bradstreet Wholesale Food Price Index represents the average price level of four weeks' experience in general. It is not a cost-of-living index. Its chief function is to give a measure of the fluctuations in the prices of wholesale goods.

Wholesale Commodity Price Index Hits New High

The general commodity price level hit a new high for 1959 on April 8 when it reached 289.31. Declines followed but the week ended today with the index at its highest level since it was established last year. There were only four items in April 0.86 below. The prices of hogs, bales of cotton, and packer's calfskin. The Daily Wholesale Commodity Price Index, published by Dun & Bradstreet, Inc., increased to 279.20 on April 13 from 278.73 the week before but was below the 259.00 of one year ago.

For the week, the wholesale price level of all goods and domestic and demand bought corn prices to new highs in several markets. May wheat, offered by the Farmers' Loan & Trust Corp. of Chicago, also helped depressed wheat prices. Rye prices finished lower for the second week after holding firm most of the week. For the third consecutive week it fell in price, while the decline was caused by lack of lack of offers. Soybeans were held back by Farmers as price fell from 2.20 to 2.10.

It was in a small demand but ended the week several points above the previous week's level. The sales of both commodities fell, but negotiations for substantial shipments to the Near and Far East are pending, which, if concluded, would absorb a good part of the production surplus of rice held by the United States government.

After a week of heavy trading, sugar prices were off a fraction, the latest sales being lighter than the previous week. The market is moderately active, with an active spot market.

While hog prices fluctuated considerably during the week in active transactions, they were rather steady, with the exception. Supplies of calves were small but prices on steers slipped at prices. A steady trading was reported with prices showing a sharp decline.

Coffee prices continue to remain strong in the early part of the week but ended unchanged after profit taking reduced the gains. United States exports of coffee in the week ended last Tuesday were about 6,500,000, compared with 7,000,000 in the preceding week and 105,000,000 in the same week in 1958. Exports for the current season through April 6 were estimated at 2,173,000,000,000,283,000,000,000, for the comparable period a year ago.

Retailing Down in Post-Easter Week

Consumption presumably is down in the post-Easter week from the prior week, and was down appreciably from the similar calen- dar week of 1958. Total sales in the latter were $12,000,000,000, while in the former was $10,000,000,000, according to the Regional estimates varied from the comparable 1956 level by the following amounts: New England — 3 to — 1; Mountain — 4 to 2; West North Central and East South Central — 7 to 3; East North Central — 19 to 12; Mid- Atlantic — 10 to 6; and Pacific Coast — 10 to 7.

Although post-Easter sales promotions offset some declines, sales of women's apparel fell considerably from both the prior week as well as the like period a year ago. Women's apparel costs was down sharply from last year and interest in dresses and suits. The decline for women's apparel was due to price and a drop in the number of women weekly floor sales of hotels and a reduction in men's suits and sportswear were less noticeable.

Retailers of household goods reported moderate gains from both the prior week and a year ago. Increased buying was noted in the furniture sales. Furniture sales were down for a year ago. Appreciable sales occurred in volume in refrigerators, air- conditioners, vacuum cleaners, and new consumer durables. Purchase allowance and financing plans remained the same for over a year ago.

The total volume of retail sales in the week ended April 9 was 8% to 5% below the similar calendar week a year ago, according to the retail salesman survey conducted by the National Retail Merchants' Association. While the April 9 regional Regional estimates varied from the comparable 1956 levels by the following amounts: New England — 3 to — 1; Mountain — 4 to 2; West North Central and East South Central — 7 to 3; East North Central — 19 to 12; Mid- Atlantic — 10 to 6; and Pacific Coast — 10 to 7.

Nationalwide Department Store Sales Down 13%

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended April 4, dropped 13% for the week needed. Sales for the week ended March 28, an increase of 16% was recorded. For the four weeks ending April 4, according to the Federal Reserve System department store surveys in New York City, the week ended April 4 showed an 18% increase from that of the like period last year. In the proceeding week, March 28, an increase of 36% was reported and for the March 21 week a 16% increase was recorded. For the four weeks ending April 4 a decrease of 2% was noted over the volume in the corresponding period in 1958.

Cities Electronics

France's top producer of electronic computing equipment in Europe describes electronic revolution occurring in France — the center of cooperative electronic, and claims GMAM 60 will be the world's first data processing machine to handle all industrial problems at the same time.

A top French industrialist de- clared recently that France is in the forefront of the electronic revolution which has immensely revolutionized the mechanical and technical structure of Western Europe.

Mr. Georges Vieillard, founder and general manager of the Computer Corporation, France, a manufacturer of the GMAM 60 calculator and largest producer of electronic computing equipment in Europe, said that "this revolution has had a great impact in industry, and has been used in every area of the French economy and particularly by such government and scientific organizations as the French Atomic Energy Commission, Central Bank, the Ministry of Agriculture, French National Railroads, banks, insurance companies, electrical companies, industrial and commercial organizations.

The GMAM 60 as 'World’s Best' The GMAM 60, said Mr. Vieillard, is the General Motors of the European computer industry. The GMAM 60 is a truly international computer, said Mr. Vieillard, that will be in production by the end of 1959. Mr. Vieillard said that the "GMAM 60 will revolutionize processing in the world, which can eliminate many industrial problems at the same time.

Mr. Vieillard gave some examples in this connection. The GMAM 60 transistorized data processing computer will add, subtract, multiply, divide, square, square root, logarithms, exponential, trigonometric functions, and all the mathematical functions. It can add 200 additions per second, multiply 200,000,000 operations per minute. It can read and write data automatically.

The GMAM 60 computer system can read and write data from punched cards, magnetic tapes, magnetic drums and printed cards. It is designed so that the equipment can be available by the end of 1959.

Mr. Vieillard pointed out that the GMAM 60 was developed by a unit which had climbed from 501st place in 1956 in listing French companies on the basis of capitalization to the 22nd position by the end of 1958.

"As of Dec. 31, 1958 our firm was in 12th place."

GDS Electronics
**Railroad Securities**

**Norfolk & Western-Virginian Merger**

Substantial savings in operations are already being realized when the Norfolk and Western and Virginian Railways are merged. In addition, savings estimates are that a minimum of $12,000,000 annual savings can be obtained by the elimination of unnecessary facilities. For example, tidewater coal traffic on the Norfolk & Western system will be moved over the Virginian main line, Prevailing grades on the Virginian to tidewater fare payable on freight, cargo than those on the Norfolk & Western. Also, eastbound trains would use the Virginian's yard at Roanoke which should reduce yard work and improve rolling stock turnover over the Norfolk & & W. In 1930 to 1931, 60% of the freight and passenger trains toward the docks in 200 car trains and without the use of unnecessary service, it is claimed a considerable saving in freight service required on the Norfolk & W. and this would solve another problem.

After coal reaches tidewater it would be shipped overnight on the Norfolk & W. to be handled at its modern facilities at Lambert Point. However, the shipments are large in volume since the equipment can dump 35 cars per hour. This will save 10 to 15 minutes and this will mean additional savings.

Better utilization of equipment also will be a factor. It is estimated that the present equipment is needed to handle the combined volume of a larger and more rapid service. The freight car fleet will have improved turn-around time and will be able to handle the increased volume of cars.

Because the savings to be attained by the remolding of coal to tidewater, there probably is no other railroad as well justified and more than one of its kind on this source.

Much depends on the future of bituminous coal. Domestic consumption has been improving, while export demand has not. A demand from the domestic utility companies is expected to rise, but foreign demand is uncertain. The price of soft coal, European reserves of new discovery grade coal are down. With a falling coal output on the Continent expected to expand, it is believed that price will rise. The demand for anthracite provides for a tax-free exchange of stock on the basis of 0.65 shares of the Virginian per share of the Virginian common. Norfolk & Western helps the tax-exem¬ pitive non-callable preferred to be exchanged for the outstanding domestic coal price. This is one of the last of the railroad consolidation plans proposed and the earliest to be made. It will be made more rapidly than any of the others.

**The Security I Like Best**

Land be purchased at a 50% discount?

In addition, shareholders own the substance of the new equipment and the operating results derived from it. They are the owners of an ever-increasing amount of the nation's industry. With all this in mind, it is not surprising that the security offered to the shareholder by the union of the two companies under one corporate entity will be more attractive than that of the companies taken separately. The added value to the stock as a result of this merger has been substantially re¬

**Great Northern**

Great Northern is the largest domestic railroad producer supplying the needs of a large and growing market. The company operates on a single-line route, with a total of about 2,000 miles; it does business in five states and has a large share of the market in those states. Its traffic is almost entirely local and the company is able to control its own charges and rates. It is a new company, organized in 1903, but it has been in operation for many years. The company is well managed and its earnings are good. Its dividends are paid quarterly and are adequate for the maintenance of the properties. The company has a large amount of equipment and its cars are well maintained. Its cars are well maintained.

**Greenwich**

Greenwich is a new company, organized in 1903, but it has been in operation for many years. The company is well managed and its earnings are good. Its dividends are paid quarterly and are adequate for the maintenance of the properties. The company has a large amount of equipment and its cars are well maintained. Its cars are well maintained.\n
**The Security I Like Best**

Walter E. Heller & Co. announces the placement with initial investors of a total of $4,100,000,000 of notes. Included in this amount were $3,000,000,000 of 5% subordinated notes and $1,000,000,000 of 5% convertible debentures, both series due July 1974.

Heller, a major commercial fi-

**Monetization of Federal Debt**

*According to the Federal Reserve Bulletin for January, 1965, pp. 23 and 24, all commercial banks held $62,425,000,000 of U.S. Government securities (held 29, 1963, as compared with $39,521,000,000 on November 27, 1963, an increase of $12,904,000,000, or 40% of the borrowing (of the Federal Government between March 30, 1940, and the end of 1945), was raised as additional operating funds to the commercial banking system. Such procedure has been a consistent practice of the Federal Reserve Board, in giving us the highest index of whole Federal Government and probab-

Many of the shareholders believe that nothing short of new government policy and the utilization of the vast economic resources of the Nation can effect a solution. It is not the purpose of this article to discuss the merits or demerits of the various proposals that have been advanced for the solution of the problem. The purpose of this article is to put before the public some of the arguments for and against the adoption of a new policy for the solution of the problem. The arguments for and against the adoption of a new policy for the solution of the problem are not new. They have been advanced for a long time. The arguments for and against the adoption of a new policy for the solution of the problem are not new. They have been advanced for a long time. The arguments for and against the adoption of a new policy for the solution of the problem are not new. They have been advanced for a long time. The arguments for and against the adoption of a new policy for the solution of the problem are not new. They have been advanced for a long time.
Indications of Current Business Activity

The following statistical tabulations cover production and other data 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.
Securities Now in Registration

Academy Life Insurance Co. (4/27) March 26 filed 1,000,000 shares of capital stock (par $1) to be offered for sale by subscription by common stockholders. Price—Two cents per share. Proceeds—To pay for additional plant and operations. Underwriter—Gibbons, New York, N. Y. Underwriter—None.


American Bankers Credit Co. (Nov. 19) Nov. 13 filed 5,000,000 shares of common stock, of which 5,458,438 shares of this stock are to be offered for sale publicly at the price of $5 per share. Three-for-one stock splits are authorized by the board of directors. Price—At market. Proceeds—To be used for the expansion of the bank's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

American Growth Fund Inc., 1933 (3/1) March 31 filed 1,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

American Home Life Insurance Co. (5/1) April 6 filed $1,000,000 of sinking fund debentures due 1978 in the amount of $4,000,000. Price—To be determined by the market. Proceeds—For the acquisition of additional property. Underwriter—Goldman, Sachs & Co., and A. C. Allyn & Co., Inc. of New York. Underwriter—None.

American Iron & Steel Co. (5/1) March 31 filed 10,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

American Mutual Insurance Co. Inc. (5/1) March 31 filed 10,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

American Trust Co. (5/1) March 31 filed 10,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

Georgia Power & Light Co. (5/1) May 10 filed 1,000,000 shares of capital stock (par $1). Price—$10 per share. Proceeds—For property acquisitions and partnerships in the operation of 185 gas stations in Mississippi, Louisiana, and other states. Underwriter—To be determined by the company.


Arkansas Natural Gas Co. (5/5) April 6 filed 3,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

Arkansas Power & Light Co. (5/5) April 6 filed 3,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.

Arkansas Power & Light Co. (5/5) April 6 filed 3,000,000 shares of capital stock (par $1). Price—To be determined by the market. Proceeds—To be used for the expansion of the company's operations. Underwriter—Goldman, Sachs & Co., New York. Underwriter—None.
NEW ISSUE CALENDAR

April 20 (Monday)
Adam Consolidated Industries, Inc.----------------Debentures
(Bids: 11:00 a.m. EST) $0,000,000

American Bitirite Rubber Co., Inc.----------------Common

American Research & Development Corp.-----------Common

Anken Chemical & Food Corp.-----------------Common

Atlantic Consolidated Corp.----------------Common

Central Louisiana Electric Co., Inc.-------------Bonds

Chemical Milling International Corp.-----------Common

Coastal States Life Insurance Co.---------------Bonds

Cooper Tire & Rubber Co.----------------Debentures

Dart Finance, Inc.---------------------Debentures

Electro Networks, Inc.----------------Debentures

Florida Steel Corp.----------------------Debentures

Genisco, Inc.----------------------Debentures

International Tuna Corp.----------------Common

Konex Corp.----------------------Debentures

Wometco Enterprises, Inc.----------------Common

April 21 (Tuesday)
Diamond State Telephone Co.-----------------Debentures

Fed-Mart Corp.---------------------Debentures

First National Trust & Savings Bank
of San Diego----------------Debentures

Frito Co.-----------------Common

General Telephone & Electronics Corp.--------Common

Lockwood, Kessler & Bartlett, Inc.--------Common

Alda Industries, Inc.----------------Preferred

Brockton Edison Co.----------------Debentures

B. S. F. Co., Inc.----------------Debentures

Dynaco Corp.----------------Debentures

Greater All American Markets, Inc.--------Common

Lithium Corp. of America, Inc.-------------Common

Penn-Tex Corp.----------------Debentures

Southern Italy Development Fund, Inc.--------Bonds

Chathamouth, Inc.----------------Debentures

Laguna Niguel Corp.----------------Units

Moog Servicenter, Inc.-----------------Debentures

Biophysical Electronics, Inc.----------------Common

May 4 (Monday)
American Agricultural Chemical Co.-------------Common

Continental Tobacco Co.----------------Common

Crown Self-Servance Sales Corp.--------------Common

Seaboard Plywood & Lumber Corp.------------Common

Textron, Inc.----------------Debentures

Virginia Electric & Power Co.--------------Common

May 5 (Tuesday)
Arkansas Power & Light Co.----------------Preferred

May 6 (Wednesday)
Great Northern Ry.----------------Equity, Trust Co.

May 11 (Monday)
Coil Winders, Inc.----------------Common

Magma Power Co.----------------Preferred & Common

Southern Nevada Power Co.----------------Bonds

May 13 (Wednesday)
Idaho Power Co.----------------Bonds

May 14 (Thursday)
Marine Midland Bank, Inc.----------------Common

Billups Western Petroleum Co.-------------Common

May 18 (Monday)
Interstate Power Co.----------------Preferred

May 19 (Tuesday)
El Paso Electric Co.----------------Bonds

May 20 (Wednesday)
Interstate Power Co.----------------Bonds

May 21 (Thursday)
Consolidated Natural Gas Co.--------------Common

May 25 (Monday)
West Penn Power Co.----------------Bonds

May 26 (Tuesday)
Consolidated Edison Co. of New York, Inc.---Bonds

May 28 (Thursday)
Southern Electric Generating Co.-----------Common

May 29 (Friday)

June 2 (Tuesday)
Public Service Electric & Gas Co.---------Common

June 10 (Thursday)
Georgia Power Co.-----------------Common

(continued on page 56)
Cooper Tire & Rubber Co. (4/20-24) March 27 filed $35,500,000 of senior sinking fund debentures, due 1965, at 91 per cent of par for $35,000,000, for the proceeds of which the company plans to repay $5,200,000, of which $4,275,000 is required to provide for sinking fund, and $925,000 is required to provide for retirement of first mortgage bonds. Proceeds—To retire a $12,125,000 term loan, to purchase and retire one of two preferred debentures, to provide working capital, and for the retirement of a debt. Underwriter—Lambert Brothers, New York. Offer—Indefinite.


Central Louisiana Electric Co., Inc. (4/20) March 26 filed $7,000,000 of first mortgage bonds due Apr. 1, 1988, by long-term mortgage covering all of the company's properties, to be sold in units of $500 of debentures and $500 of stock. Proceeds—For working capital for the purchase and installation of new generating equipment, and for general corporate purposes. Underwriter—Lambert Brothers, New York. Offer—Indefinite.

Charles E. Conner (deceased) (4/23) March 20 filed $3,000,000 of 9-1/2% convertible subordinated debentures due Apr. 1, 1975, and 90,000 shares of common stock (par $30). Price—$3 per share. Proceeds—To be added to working capital of the company. Proceeds—To provide additional working capital to the company. Underwriter—Lambert Brothers, New York. Offer—Indefinite.

Charter Bank of America (4/20) March 26 filed $1,000,000 of 5% convertible debentures due Apr. 1, 1973, convertible into 150,000 shares of common stock on Apr. 1, 1969. Proceeds—To be used for general corporate purposes. Underwriter—Summit, New York. Offer—Indefinite.

Chance, W. R., & Associates, Inc. (March 25) March 25 filed a $1,000,000 plan of merger with 558,333 shares of common stock (par $2) and $100,000 principal amount of 8% convertible bonds. Proceeds—For common stock, $3 per share; for the convertible bonds, $2 per share. Proceeds—For new corporate purposes, and to provide working capital and development costs and additional working capital. Offer—Indefinite.

Chattanooga Industrial Development Corp. March 25 filed 27,000 shares of common stock. Price—$30 per share. Proceeds—To provide additional working capital to the company for the purpose of acquiring and financing real estate properties to be sold for the development of industrial properties and for working capital. Offer—Chattanooga, Tenn. Underwriter—None.


Clute Corp. Aug. 21 (letter of notification) 200,000 shares of common stock (par $1). Price—$1 per share. Proceeds—To provide additional working capital to the company for the purpose of acquiring and financing real estate properties to be sold for the development of industrial properties and for working capital. Offer—Indefinite.


Coil Winders, Inc. (5/11-15) April 7 (letter of notification) 150,000 shares of common stock (par $1). Price—$1 per share. Proceeds—To provide additional working capital to the company for the purpose of expanding its business. Offer—Indefinite.

Colorado Water & Power Co. Feb. 26 filed $25,000,000 of 6% unsecured debentures due Apr. 1, 1964, and 1,000,000 shares of common stock (par $1). Proceeds—To provide additional working capital of the company in units of $200 of debentures and one share of stock. Underwriter—E. D. Egan & Co., Denver, Colo. Proceeds—For working capital of the company. Offer—Indefinite.

Connecticut Valley Bank March 26 filed 7,000,000 shares of common stock (par $1). Proceeds—To provide additional working capital to the company for the purpose of increasing its investments in real estate and equipment. Offer—Indefinite.


Florida Builders, Inc.
December filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and $4,000,000 of common stock, to be offered by an underwriting group consisting of nine of the larger securities firms. The offering is expected to result in fees and expenses of about $250,000 to be paid to the underwriters.

Florida-Southern Land Corp.
March 13 filed $8,000,000 of convertible preferred stock (par $1). The company, which was incorporated under the laws of Florida on Feb. 16, 1966, is engaged in the development and sale of land in the State of Florida. The company has been engaged in the real estate business for over 20 years, and its principal activities include the development and sale of residential and commercial real estate, and the acquisition and rehabilitation of property for resale. The company's properties include land for the development of residential communities, commercial centers, and industrial parks. The company also operates a construction business, which includes the design and construction of buildings and other structures. The company is headquartered in Sarasota, Florida. The company's stock is traded on the New York Stock Exchange under the symbol "FSLC." The company's telephone number is 941-358-2222.

Georgia Steadfast Life Ins.
Dec. 29 filed 289,000 shares of common stock (par $1) and 7,200,000 shares of 6% cumulative preferred stock (par $1) for sale to the public. Proceeds—For general corporate purposes.

Hayden Underwriter—To

Hatch & Co., New York, N. Y.

Glenbrook, Milwaukee, Wis.
March 23 filed 100,000 shares of common stock. Proceeds—For working capital and general corporate purposes.

Home-State Production Co., Tulsa, Okla.
Nov. 5 filed 38,000 shares of common stock (par $1), $400,000 of 6% convertible debentures (par $1) and $400,000 of preferred stock. The proceeds will be used for working capital and general corporate purposes.

Hofman Motors Corp.
March 9 filed 200,000 shares of common stock (par $1), $2,000,000 of debentures (par $1) and $1,000,000 of preferred stock. The proceeds will be used for working capital and general corporate purposes.

Idaho Power Co. (5/15)
April 1 filed $10,000,000 of 5% mortgage bonds due 1995, not subject to prior partial payment of short-term bank loans made for construction of new operating facilities.

Indiana Underwriter—To

Interstate Inc.


Ireland Power Co. (5/20)
April 7 filed $5,000,000 of first mortgage bonds due 1983. Proceeds—For repayment of bank loans and for general corporate purposes.
Investment Corp. of Florida


Magma Power Co. (5/11-15)

April 3 filed 100,000 shares of 6% convertible preferred stock of $100 par each. Price—$100 per share. Proceeds—$10,000,000. Underwriting—Kidder, Peabody & Co., Inc., New York. Underwriter—None.

Maine Fidelity Life Insurance Co. (4/28)

March 30 filed 100,000 shares of capital stock (par $1.50) to be offered in units of six shares at the rate of one share for each two shares held on April 22, 1959 (after giving effect to the 2-for-1 stock split). Price—$9.63 per share. Proceeds—$1,504,500. Underwriting—Kidder, Peabody & Co., Inc., New York. Underwriter—None.

Mary Carter Paint Co.


Mergenthaler Linotype Co., Brooklyn, N. Y.

April 1 filed 119,411 shares of capital stock, being offered for subscription at the rate of 100 shares for each $1 share and 100 shares for each $100 of corporate stock, if subscription money is paid when due. Price—$14 per share. Proceeds—To be added to the general funds of the company. Underwriting—None.

Montana Power Co.

July 1 filed 1,000,000 shares of common stock (no par). Proceeds—To be used for capital improvements and equipment and exploration purposes. Underwriting—None.

Lockheed & Boeing (4/23)

April 1 filed 975,000 shares of stock (no-par) and 100,000 shares of stock (par $1) to be offered in units of ten shares of one common and one B Class share. Price—$10 per unit. Proceeds—To pay advances for construction of certain property, to repay bank loans, for working capital and other purposes. Underwriting—Smith, Barney, Shear, Co., and Wright & Co., Inc., New York. Underwriter—None.

Lockheed Aircraft Corp.

Dec. 30 filed 400,000 shares of common stock. Price—$8 per share. Proceeds—For additional working capital. Underwriting—Arch. Underwriter—None.

Lockheed Aircraft Corp.

Jan. 22 filed 65,284 shares of common stock, of which 2,000,000 shares were to be issued in exchange for all of the common stock of American Airlines Inc., and D. G. & R., Inc.; 700,000 shares were to be issued in exercise of an option by the company to purchase from Big Island Airlines, Inc. before May 1, 1956; and the remaining 125,000 shares are to be held as the account of a selling stockholder. Underwriter—None.

Lockheed Aircraft Corp.

Feb. 11 (letter of notification) 1,662 shares of common stock (par $1) to be offered at subscription price for stockholders. Price—To be offered for subscription at the rate of one new share for each four shares held on April 22, 1959, for subscription at the rate of one new share for each four shares held on April 22, 1959 (after giving effect to the 2-for-1 stock split). Proceeds—To be added to the general funds of the company. Underwriting—None.

Lockheed Aircraft Corp.

March 20 filed 130,000 shares of common stock, of which 70,000 shares are being sold by certain selling stockholders to employees and 60,000 shares to public. Price—To be determined by the board of directors of the company. Underwriting—East Aurora (Buffalo), N. Y. Underwriters—Kidder, Peabody & Co., Inc., New York; and Blunt Ellis & Simmons, Chicago, Ill.

Morgan (John) & Co.

April 1 filed 1,000,000 shares of capital stock, representing the number of shares initially issuable upon exercise of options under the company's 1967 Restricted Stock Option Plan (which option shares remain available for the purpose of stock options under the plan). Underwriting—None.

Morgantown Corporation


Montejo Investment Fund, Inc.

New York Shipping Corp.

March 3 filed 1,000,000 shares of capital stock Price—To be determined. Proceeds—For additional working capital. Underwriting—931 San Jacinto Bldg., Houston, Tex. Underwriter—J. T. Campbell Investment Co., Houston. Underwriter—None.

New York Shipping Corp.

March 3 filed 1,000,000 shares of capital stock, par $1. Price—To be determined. Proceeds—To be used for working capital. Underwriting—931 San Jacinto Bldg., Houston, Tex. Underwriter—J. T. Campbell Investment Co., Houston. Underwriter—None.


Public Service Co. of Colorado (4/28)
March 26 filed $30,000,000 of first mortgage bonds due 11/1/70 for Colorado Gas Co. of Colorado. Proceeds—to be used for working capital.

Rothschild Investments Corp.
Jan. 29 filed 475,000 shares of common stock. Price—$15 per share. Proceeds—to be used for working capital.

St. Regis Paper Co.
March 27 filed 8,000 shares of common stock (par $5) of St. Regis Paper Co., the largest producer of hardwood and bleached softwood pulps and paper in the world. Proceeds—to be used for the purpose of extending distribution facilities. Office—123 Church Avenue, Stamford, Conn. Underwriter—None.

Sabbath and Sons Co.
March 27 filed 80,000 of 6% convertible subordinated sinking fund debentures due 1974. Price—At $100 for each $100 of principal amount. Proceeds—to be used for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—None.

Seaport Plymouth & Lumby Corp. (5/4-8)

Service Life Insurance Co.
Seasonease Corp. (6/29) filed 1,507 shares of common stock (par $1). Proceeds—To be used for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—Peter Morgan & Co., New York.

Sheridan-Baltimore Hotel Co. (1989)
Aug. 19 (letter of notification) $500,000 of 6% convertible subordinated debentures due 1969. Price—At $100 for each $100 of principal amount. Proceeds—to be used for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—None.

Silver Creek Precision Corp.
March 20 filed 1,000,000 shares of common stock (par $1), of which 200,000 shares are to be offered for the purpose of extending distribution facilities. Office—82 N. Henry St., Alexandria, Va.

Sip'n Snack Shops, Inc.
March 21 filed 50,000 shares of common stock. Price—At $2 per share. Proceeds—to be used for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—None.

Studebaker-Wilson Corp.
March 27 filed 9,000,000 shares of common stock (par $1). Price—$10 per share. Proceeds—for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—None.

Sulzer Ltd.
March 27 filed 9,000,000 shares of common stock (par $1). Price—$10 per share. Proceeds—for the purpose of extending distribution facilities. Office—202 South Division St., Northfield, Minn. Underwriter—None.
<noinput>
Central Illinois Light Co. (5/12)
March 31 the company filed an application with the Illinois Commerce Commission to increase its $10,892,700 of convertible debentures due 1974, to be offered to common stockholders on record or about May 12 on the basis of one share for each 22 of common held. Proceeds—for construction program. Underwriter—John A. Harriman, Union Securities & Co. handled previous equity financing. Registration—Scheduled for April 22.

Florida Power Corp. (Feb. 4, W. J. Clapp, President, announced that the corporation plans to issue $25,000,000 of common stock on the basis of one new share for each 12 shares held. Proceeds—for construction program. Underwriters—Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. Offering—Expected in June.

Georgia Power Co. (9/10)
Dec. 16 it was announced that the company plans to issue and sell $25,000,000 of first mortgage bonds. Proceeds—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; the First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Huntington National Bank; Smith & Miller Inc. and White, Weld & Co. (jointly). Registration—Planned for Aug. 14. Bids—Expected to be received on Sept. 30.

City & Power Light Co. (5/6)
Bids are expected to be received on the company's plans to issue and sell $25,000,000 of additional shares of common stock to common stockholders on the basis of one new share for each 20 shares held. Underwriters—Drexel & Company and Morgan Stanley & Co. (jointly). Offerings—Expected to be received on June 10.

Jersey Central Power & Light Co. (Feb. 10) it was announced that the company plans to issue and sell $25,000,000 of first mortgage bonds. Proceeds—to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; the First Boston Corp.; Smith & Miller Inc.; Huntington National Bank; Smith & Miller Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; Salomon Brothers & Hutzler; Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Salomon Brothers & Hutzler; Merrill Lynch, Pierce, Fenner & Smith Inc.; Huntington National Bank; Smith & Miller Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; Salomon Brothers & Hutzler. Offering—Expected to be received on May 26.

Kanawha Power Co. (4/22) April 9 it was announced that the company plans to issue to its stockholders the right to subscribe for 70,168 additional shares of common stock at $100 per share. Proceeds—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; White, Weld & Co.; and the First Boston Corp. Bids—Expected to be received on or about June 6.

Mississippi Power Co. (5/26) Dec. 10 it was announced that the company plans to issue and sell $2,500,000 of 20-year first mortgage bonds. Proceeds—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; the First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Huntington National Bank; Smith & Miller Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; Salomon Brothers & Hutzler; Merrill Lynch, Pierce, Fenner & Smith Inc. and Huntington National Bank. Offering—Expected in May or June.

United Gas Improvement Co. (6/16) It was announced that the company plans to issue and sell $10,000,000 of first mortgage bonds due 1984. Proceeds—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; the First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Huntington National Bank; Smith & Miller Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; Drexel & Co.; and Eastman Dillon, Union Securities & Co. (jointly). Registration—Planned for June 24. Bids—Expected to be received on June 18. Registration—Planned for June 24.

Virginia Electric & Power Co. (6/2) Feb. 21 it was announced that the company plans to offer an additional 714,000 additional shares of common stock through a plan to sell $25,000,000 of first mortgage bonds on the basis of one additional share for each 20 shares held. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; Smith & Miller Inc. and White, Weld & Co. (jointly); Kidder, Peabody & Co.; and Drexel & Co. (jointly). Offering—Expected in June.

By ROBERT R. RICH

Chemical Had Record First Quarter Sales

Record Illus for Assets and Share Value

Chemical National Bank, reports the largest quarterly and monthly sales in its Fund’s 21-year history.

First quarter sales volume reached $11,000,000, up 225% over first quarter sales a year ago, and 41% to be changed to S. J. Bank, recorded quarterly sales total of $8,284,000.

March sales of Chemical Fund shares set a new record, for any month amounting to $4,245,000 as against $1,247,000 in February, 1959, the previous record sales month. March sales increased 235% over the volume in the same month a year ago.

The fund reported April 15 the largest total assets and per share value for any quarter-end in its 21-year history.

Net assets totaled $214,905,501 at March Fund’s closed-end fund group, $108,376,250 at the 1958 year-end and $143,794,150 at the March 1957 year-end. These amounts increased by 50% in the past 12 months. The corresponding 10-month and subsequent data have been adjusted, where necessary to reflect the Fund’s $24,550,000 purchase of the Carolina, 28, 1959.

Net asset value increased to $10.39 per share at March 31, 1959 compared with $9.03 a share at the same time last year and $8.28 a share at the March 1958 quarter-end.

The number of stockholders reached 6,291 at the March 16, 1959 year-end and 6,271 a year ago. The number of shares outstanding was 20,873,632 from March 31, 1957 and increased to 23,444,896 outstanding at March 31, 1958.

During the quarter, Chemical Fund entered into Investment Associations with the Chemical-General Corporation, while reducing investment in its Closed-End Mutual Fund’s second largest group. Holdings in Mutual Fund, were reduced during the quarter; International Nickel Co. of Canada was purchased. The total of assets by industry groups was as follows:

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Total Assets 31 March 1959</th>
<th>Total Assets 31 March 1958</th>
</tr>
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<tbody>
<tr>
<td>Chemical-General</td>
<td>$90,909,000</td>
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<tr>
<td>Drug</td>
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BULBOL FUND

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THE OVER-THE-COUNTER MARKET ISSUE

Will be Published April 23, 1959

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THE COMMERCIAL & FINANCIAL CHRONICLE

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RECTOR 2-5570

Our Reporter's Report

Firming up in the money market continues to be reflected in the trend of bond prices, both in the secondary market and in the corporate new issue market. The same holds true in the Treasury.

In the latter section of the investment market a number of U. S. Government obligations now are selling to return yields of more than 4%. And the current 91-day bill offering brought bids which averaged out to an interest cost of 2.475% to the Treasury.

Accordingly, prospective buyers of fixed income obligations of corporations are still of a mind to sit back and wait things out, especially since some authorities in the banking world are predicting increased firmness in money rates later in the year.

Fortunately, under the circumstances, the current flow of corporate new offerings is not too heavy. Bankers, accordingly, are finding an opportunity to work on some recent emissions which proved decidedly sticky as yields in the secondary market continued to become more attractive.

In spite of the hardening of Federal Government and corporate yields, however, issuers of tax-free obligations seem to be encountering little, if any difficulty in raising funds they need though at slightly higher cost.

Presumably with the tax burden mounting in many directions, the tax privilege attaching to these securities takes on added value for the investor.

Still Bidding Close

An offering of $1 1 million of 30-year bonds by Central Power & Light Co., this week indicated that investment bankers still are thinking pretty much along the same lines when bidding for business.

The winner in this instance paid the issuer a price of 101.6590 for a 4.5% coupon rate. The runners-up bid 101.6570 or an indicated 23 cents per $1,000 bond differential, while the lowest of a number was 101.709 or $4.40 per $1,000 piece under the winner.

Reoffering was made at a price of 100.472, and the indicated yield of 4.66% to the buyer proved really attractive and the issue got a good reception.

Turning Them Loose

Sponsors let go of two more recent underwritings during the week through the medium of termination of agreements, and in both instances the bonds involved settled back sharply from their initial offering prices.

Substantial unsold balances were on hand in both instances when bankers decided to pull the plug and let them find a base.

The offerings involved were Ohio Edison Co.'s $30 million of 4%ls, rated AA, and Montana Power Co.'s $15 million of 4%ls, also carrying a double A rating.

Shoot for Target

When it became apparent, on offering of Central Power & Light's issue, that new issues might move on a 4.60% yield basis, bankers bidding for Wisconsin Power & Light's $14 million issues seemed to take a hint.

At any rate the winning bid for this offering was 98.789 for a 4% interest rate. This permitted the successful group to prepare for offering, upon clearance by SEC, at a price of 100.567 to yield an indicated 4.59%.

Whether the single basis point difference in yield here would prove bothersome remained to be seen.

Join Federal Secs

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Jeanne Ferguson and Gene Gibson have become affiliated with Federal Securities Corporation, 700 South Broadway.

Goodbody in Dallas

DALLAS, Tex. — Goodbody & Co. has opened a new branch office in the Southeastern center under the management of Hugh D. Dunlap.

With Financial Secs

(Special to The Financial Chronicle)

DENVER, Colo. — Stanfill D. Stunflin has become associated with Financial Securities Corp., Farmers Union Building. He was formerly with Mountain States Securities Corp.

MEETING NOTICES

LONG ISLAND LIGHTING COMPANY

Notice of Annual Meeting

April 21, 1959

Notice is hereby given that the Annual Meeting of the stockholders of the Long Island Lighting Company will be held at the Long Island Lighting Company Building, 360 Broadway, New York, N. Y., on April 21, 1959, at 11:00 A.M., for the purpose of considering and acting upon the matters set forth in the Notice of Annual Meeting.

Each holder of stock of record on the books of the Company at the close of business on March 20, 1959, will be entitled to vote at the meeting.

Based on the Company's outstanding capital stock, the following persons are entitled to vote, subject to the Company's certificate of incorporation and bylaws:

R. J. Reynolds Tobacco Company

Members of: Camel, Winston, Salem & Camel Filtered cigarettes Prince Albert, George Washington Cigarettes smoking tobacco

QUARTERLY DIVIDEND

A quarterly dividend of $3.54 per share has been declared on the Common Stock, par value $5, of the Company, payable June 3, 1959 to stockholders of record at the close of business May 15, 1959.

W. J. Cadil, Secretary

Winnebago, Ill. April 10, 1959

Inter-Mountain Tel.

Common Stock Offered

Rights, evidenced by subscription certificates for 390,026 shares of Inter - Mountain Telephone Co. common stock have been issued by that company to its common stockholders, which rights expire April 10, 1959 at 3 P.M. (EST). Of the total, 390,026 shares were subscribed for, and the balance were purchased by the several underwriters, headed by Courts & Co., and reoffered to the public on April 11 at $12.50 per share.

The telephone company intends to apply the proceeds toward the reduction of amounts owed by the company on short-term notes to banks, which notes as Feb. 28, 1959 were $5,500,000. The company expects to show the short-term notes to banks which will not be so paid.
WASHINGTON, D.C.—A two-page special report, called “Expanding Private Investment for Economic Growth,” and bearing 44 recommendations, is being presented to members of Congress, various branches of the Federal Government, state and local governments, banks and industrialists.

American investments abroad, particularly in Canada, Latin America and Western Europe, are increasing all the time, but the report special prepared by the State Department is arguing with specific recommendations designed to encourage more private investments.

The study was conducted by Ralph L. Stras, a Director of E. H. Macy and Company, New York, with the assistance of the Department of Commerce, Department of Treasury, Department of the Treasury, and the Government, and with private assistance. Mr. Strasar in his letter transmitting the report said that studies were held with businessmen, bankers and lawyers, and representatives of the International Cooperation Administration, Development, Planning, and the Executive-Import Bank.

In the introduction the question is raised: "The United States government and people of the United States concern themselves with the business interests of the private sector of the American community. Furthermore, the foreign policy of the United States is designed to support the economic development of the less developed countries." (The report declares that the answer lies in part in the recognition that most of our economic wealth is in a nation including capital, know-how, and resources are in private hands. And those who have been unable to realize the advantages of those resources have thus been locked out of the economic development of the less developed countries.

Thus, with the release and endorsement of private initiative, the newly developing countries will be greatly encouraged."

Mr. Stras, as a special consultant, made his report direct to President Douglas Dillon, Secretary of State for Economic Affairs. He said it was prepared "in cooperation to the fullest extent practicable with private enterprise concerns involved in international trade, foreign investments, and business operations in foreign countries.

Pending in Congress

Actually some of the recommendations of the Stras report are already pending before the Senate Finance Committee, Representative Hale Boggs Committee, and Chairman of the Subcommittee on Foreign Trade Policy, introduced a bill after lengthy hearings in this country and abroad, to promote American industry abroad, and thus reduce expenditures for foreign economic assistance and other aid grants. The bill is entitled "The Foreign Investment Act of 1939."

Under the subject of taxation on foreign investments, the Stras report makes two tax proposal suggestions. They are those applicable to all foreign investments and those that apply specifically to the less developed countries.

The report recommends that the Internal Revenue Code be amended to give special tax treatment to investments known as foreign business corporations, such special treatment to have the effect of deferring payment of United States income taxes on the profits of a foreign business corporation arising from foreign investments, until those profits are actually distributed to United States stockholders or other interested parties.

Usually the banks of this country operate abroad through branches, rather than foreign subsidiaries. In order to add the added confidence to their full capital and resources. Therefore, the report states, there are special reasons for conducting business abroad through branches that do not apply to other foreign operations. However, banks are not availing themselves of the advantage of operating through foreign subsidiaries.

The report adds: "We recommend that United States banks abroad be permitted to treat their foreign branches as foreign business corporations for taxation purposes, under appropriate accounting regulations." On the question of foreign taxes "in lieu of" income taxes, the report recommends: (1) The principle that taxes for tax credit purposes be paid prior to any other foreign operations; and (2) The Treasury and the Board of Governors for the interpretation of the present statutory language and seek legal protection for the interpretation of such taxes.

Portfolio Investments

Under portfolio investment the special document proposes a new legal regulation so that foreign financial instruments should be able to pass their available foreign tax credits through to their stockholders.

For years there has been concern in U.S. investors for obvious reasons, about financial losses due to depletion of foreign currency arising from the gross deterioration of foreign exchange reserves and the generally applicable method of calculating losses against other losses. We believe, however, that there is a more practical method of providing limited relief through tax treatment," said the report, which went on to explain present regulations.

Therefore, the report recommends that specific taxation should not be clarified to provide that the loss due to exchange rate changes required by the Securities and Exchange Commission's interpretation be shown in published financial statement, also be recognized as an ordinary loss for tax purposes.

In an effort to be sufficient investments abroad by companies that do not now have investments in foreign countries, the Stras report suggests:

Development Companies

"We recommend that appropriate legislative and administrative action be taken on the basis set forth in this report to provide governmental, tax, and legal support for the formation of International Development Companies to invest in new or expanded private enterprises in the less developed countries.

"We recommend that the Small Business Administration be requested to consider, in consultation with appropriate Congressional committees, authorizing Small Business Investment Companies to finance foreign investments of U.S. companies qualifying as small businesses."

The investment guarantee program, operating under a section of the Mutual Security Act, authorizes guarantees of American overseas investment against losses due to expropriation, war damage, etc.

The report proposes that the investment guarantee provision of the Mutual Security Act be amended to include coverage of losses arising from revolution, insurrection, or civil strife associated with war. It also proposes that the issuing authority for investment guarantees be increased to $1,000,000,000. The expanding private investment report areas that in addition to the well-known shortage of capital in certain undeveloped countries, there is an increased shortage of well-aligned projects seeking to attract capital. As a result there is a greater need for more active U.S. Government participation in an effort to blueprint plans.


Buddell and Economic Growth—A Statement on National Policy by the Research and Policy Committee of the CED—Committee for Economic Development, 71 Fifth Avenue, New York 17, N. Y., (paper), 50 cents, (quantities," Chronicle's"


Growth Patterns: The Insurance Industry—Franklin Market—Dr. Robert H. Dockson—Union Bank, Los Angeles, (paper).


TRADING MARKETS:

American Cement
Botanic Rolls jeans
Heywood-Wakefield
Indian Head Mills
W. L. Maxson
Montgomery Ward
National Co.
Southeastern Pub. Serv.
United States Envelope

LERNER & CO.

FOREIGN SECURITIES

CARL MARKS & CO. INC.

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