OVER-THE-COUNTER MARKET FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

The recession of 1957 is over. There are few if any who are now disposed to question that fact—even if a substantial number of men have not been called back to their jobs. People and business are buying freely. Borrowing to buy consumer goods is on the rise again. Production in almost all areas is high and rising. There is a good deal of talk about this year and next being record breakers in the volume of production attained and in what is known as prosperity. Trouble lies ahead in the field of labor relations, and a very substantial degree of uncertainty exists in international affairs. But optimism is the rule again—so much so that various authorities have felt it wise to warn the reckless about the way they are translating their enthusiasm into buying orders on the stock market. Various "causes" of the recovery, which has come quicker and more vigorously than had been generally expected, are now being cited, particularly by those who would claim credit for it.

We begrudge no one his feeling of elation that better times have come—an emotion we share. It does seem to us, however, that this would be a good time to inquire precisely where we stand, to ask ourselves just how the current situation differs in fundamentals from that which immediately preceded the downturn in the middle of 1957, and to determine as nearly as we can how good a use we made of the recession. Supposedly, a recession or depression tends to create conditions which bring it to an end and start business off again on a surer footing. Such adversity is supposed to tone up the muscles of business and to eliminate the fatty tissues which over-long

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Inflation: Sole Threat to Bright Economic Future

By HON. ROBERT B. ANDERSON*
Secretary of the Treasury

Treasurer Anderson is gratified about economy's recovery-pace and prospects for budgetary surplus; insists we must practice Federal debt-retirement during prosperous times; and opposes prolongation of anti-recession measures into recovery period. In spelling out what is required from government, business, labor and individuals, so we may obtain national security, economic growth, retain our way of life and yet successfully walk the narrow path between recessionary and inflationary pressures, Mr. Anderson flatly controverts the arguments: "a little inflation is good," deficit-financing has little to do with inflation, and budget-balancing is futile.

This country can have a bright economic future; it can have it without inflation. This country cannot have an enduring bright economic future with inflation. This is a principal tenet of my belief. It is a faith I should like to examine with you in historic perspective and as a basis for future real growth in our Nation.

Robert B. Anderson

Demosthenes once said: "The time for extracting a lesson from history is ever at hand for them who are wise." Surely the world has never been in greater need of wisdom than now.

The history of every nation is in fact the fruition of the lives and beliefs and ideas of men. Almost 500 years before the birth of Christ, another great leader of the Greek people urged his fellow citizens to "remember that prosperity can be only for the free, and that freedom is the sure possession of those alone who have courage to defend it."

We are dedicated to security that we may preserve

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*An address by Mr. Anderson before the Associated Press, New York City, April 20, 1959.

The Over-the-Counter Market —Progressive and Panoramic

By DR. IRA U. COBLEIGH
Enterprise Economist

A seasonal review of the diversity and breadth of the Over-the-Counter Market, and citation of some of the often unheralded investment opportunities found there; plus a tabulation of equities which have proven themselves, over time, by paying cash dividends variously from five to 175 consecutive years.

With so much investor attention centering on share-market motion on the New York Stock Exchange and just how high is up as regards the D-J average, far too many people have been losing sight of the fact that the Over-the-Counter Market, where some 50,000 issues are traded, is the Mother of all markets. It is here that the first trades in a corporate security take place as soon as stock ownership has spread from a few to a few dozen holders. It is here that all new issues of securities, regardless of size or quality, are first quoted, and given market appraisal, even though a few weeks later, they may move onto some stock exchange. The original or early testing, and proving, grounds of all securities is the Over-the-Counter Market.

Let's examine this panoramic symphony of securities in the light of the economic trends of the past few months. First, bonds. It is by now well known that over 95% of all Government bonds trade Over-the-Counter and not in twos, fives or tens, but in blocks of, frequently, many millions in a single transaction. This vast and vital market in "governments" is made not by investors sitting in brokers' offices all over the country but by

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SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 62.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Texas Pacific Land Trust—Harry D. Miller, Partner, Nugent & Igoe, East Orange, N. J. (Page 2)

Pacific Automation Products, Inc.—Irving L. Straus, of Ralph E. Samuel & Co., New York City. (Page 2)

HARRY D. MILLER

Partner, Nugent & Igoe
East Orange, N. J.
Members New York Stock Exchange
and American Stock Exchange

Texas Pacific Land Trust

On Jan. 3, 1957, I first presented this stock in these columns. It was then selling at $7.00. On May 1, 1958, I renewed my recommendation, though the stock had risen to $9.25 in a market which had suffered a 10% decline. I now feel that it is time to review it again for the stock could well be on the verge of a very dramatic move.

Harry D. Miller

There have been many well-justified parallels drawn between the present stock market excesses and those of the late 'twenties. I concur with this sentiment and feel that we are in a period which will call for high selectivity and will produce rotating strength. The one facet of this phase which is still to appear and, in my opinion, is sure to do so, is a land boom of gigantic proportions. It is ridiculous to talk of the explosive increase in our population which is coming during the 'sixties of the big shift of industry and population to states like Texas and of continuing inflation without conceding that land values must rise and rise substantially. Way back in 1913, when the Federal Income Tax laws were adopted and the dollar was a dollar, by agreement with the Treasury Department, a value was put on the TPL land of $4.81 per acre. At present prices for the stock, giving due consideration to royalty values and cash items held, you are buying that acreage for about $7.00 per acre. In my opinion, an average price of $30 or $40 would be more realistic and, if a real land boom materializes, a price of $100 is very possible. Present trust land holdings total about 1⅓ acres per share.

To review developments since my last letter on this company, the following occurred during 1958:

A net increase in the number of royalty wells of 198.

An increase in oil and gas royalties from $457,395 in 1957 to $503,623 in 1958; this, despite a drop in the number of Texas production days from 171 days in 1957 to 122 days in 1958.

The sale of 5,261 acres at an average price of $85.69 per acre. The average price in 1957 was $30.88 per acre. There was one sale of acreage 16 miles west of Odessa which was particularly significant to me since I had attached little but nominal value to it. The Trust sold over 1,000 acres here to the S. W. Portland Cement Company for $293 per acre plus a royalty which could produce a substantial annual income. This sale should hasten developments here, and the Trust holds an additional 70,222 acres in that county. There have been no sales in the El Paso area, but I am informed by local real estate authorities that values are continuing to rise there. If you will recall, TPL holds some 12,000 acres which are adjacent to the city of El Paso and directly in the path of the city's growth.

The other item worthy of note here is the retirement of an additional 25,800 shares, bringing the total retired in the last three years to 82,300 sub-shares. The sole capitalization as of Dec. 31, 1958, was down to 1,299,289 shares and some 2,000 shares have been retired since then.

I firmly believe every trader should give this stock very serious consideration. For the investor, it is the ideal stock to put away for your children or grandchildren. In view of the growth of Texas, continuing price inflation, increasing oil income and retirement of stock, any future value you may dream of could well prove to be conservative ten or twenty years from now.

This stock closed at 16⅞ in yesterday's market.

IRVING L. STRAUS

Ralph E. Samuel & Co.,
New York, N. Y.

Pacific Automation Products, Inc.

A lusty baby of the dawning space age, Pacific Automation Products, Inc., is a striking illustration of the classic "growth" company.

Irving L. Straus

Pacific Automation was organized in 1955 and today is astride the missile and space activities of the United States so that it will benefit from the total efforts in these areas, but the Company is not so confined as to be seriously threatened by changes in emphasis in the various programs, or product obsolescence.

Pacific Automation's business is best described as the design, manufacture, installation and maintenance of complete cabling systems (including the installation and maintenance of associated instrumentation) used in the complex installations for the testing and launching of missiles. Before Pacific Automation Products, Inc. started designing and manufacturing cables and cable systems on a high-quality, short-delivery, well-engineered basis, cable was one of the most perplexing, although mundane, products in missile and automation systems. It was the cause of many delays and "weakest link" failures in complicated systems.

The growth of Pacific Automation confirms the urgency and scope of the demand for its products and services. Sales during the first year, 1956, were $1,100,000 and grew to $6,100,000 in the second year, 1957. For the third year, 1958, sales reached $9,700,000, a 59% increase over the second year's operations. Profits rose from $14,000, or $.04 per share the first year, to $231,000, or $.59 per share the second year. Profits for the third year were $403,000, equal to $.99 per share, a 74% increase over prior years' profits. For the current fiscal year ending August 31, sales are estimated at $15-17 million, and earnings of about $1.50.

As part of the forward-looking program of PAP, a subsidiary, Space Electronics Corporation, was founded in 1958. The operations of Space Electronics are centered in the field of missile electronics and electronic equipment, either air-borne or ground-based, for use with satellites or vehicles designed to travel outside the earth's atmosphere. Space Electronics is headed by two of America's leading space technology scientists.

Because the American economy has grown to such enormous proportions, the prospective investor in missile-space age activities will find either that the leaders in the field are the corporate giants of today where any impact of good results from missile-space age activities will be considerably diluted, or else the alternative is likely to be a small specialty company active in just one phase of missile-space age work that is vulnerable to cut-backs or contract changes, and, of course, the specter of product obsolescence is always present.

However, Pacific Automation is the security I like best because it uniquely combines pure participation in missile-space age activities plus an important across-the-board participation in the various missile programs of today, thus affording the Company, and by the same token the investor, the security of not being tied to a single program or contract. And by its very nature, Pacific Automation's product line is not threatened by obsolescence, but promises to become more proprietary, and firmly entrenched, as the Company's capability increases.

The Company's custom cables and cable assemblies (as differentiated from cabling systems and related engineering services) are used in current missile programs, such as the Air Force's Atlas, Snark, Bomarc and Titan, the Army's Hawk, Sergeant and Jupiter, and the Navy's Polaris, Regulus and Vanguard. Among the principal customers of the Company in connection with these programs during the fiscal year ended Aug. 31, 1958 were Convair Division, of General Dynamics Corporation, The Martin Company, North American Aviation, Incorporated, General Electric Company, Boeing Airplane Company and Northrop Aircraft, Inc. The Company serves well over 200 firms at this time. While competition has been keen during the three-year life of the Company, today Pacific Automation nas arrived at a pre-eminence in the field which finds 90% of the available business being placed in its hands.

Today's complex electronic systems are made up of intricate components into which the design engineer rightfully puts every bit of ingenuity and skill that he can summon, to turn out a reliable product. But when these components are put into a system, the system as a whole depends for its reliability not only upon the reliability of each component, but upon the reliability of each and every connecting cable as well. Every cable—each conductor, each insulator, each connector or plug—and the jacketing which contains and protects them, must be mechanically, electrically, and environmentally suited to its task if the system is to be reliable

This is why electronic engineers are quick to agree that each cable is just as truly a component of the overall system as is each black box. And just as any other component is designed painstakingly, for the utmost in performance and reliability, so is

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The Road to Ruin

By NEIL CAROTHERS
Dean Emeritus, School of Business Administration, Lehigh University

In leveling the charge of putting our economy on the road to ruin against organized labor, Dr. Carothers graphically recapitulates what he says are labor's patently ruinous practices. The well known economics professor challenges the American public and Congressmen to eliminate labor control of the nation and, to show what can be done, proposes ten measures "to stop this economic anarchy." In addition the Professor: (1) notes our country is the only one where violence, extortion, blackmail and theft of workers' money go unremedied; (2) blames British labor for Britain's slower growth than Western Germany's; and (3) would prohibit strikes for higher wages, and favors as a last resort compulsory arbitration or the Swedish industrial system to what we now have.

More more than two years the Senate Rackets Committee has presented a record of union crime and corruption, of extortion and blackmail, of arson and bombing and occasional murder, of mass picketing, of ruinous illegal boycotts, of helpless enterprises bankrupted by strikes, of working men beaten into unions against their will, of systematic theft of union funds by union officials, of union members maimed for protesting, of fraud in union elections, of bribes by businessmen prevent destruction of their enterprises.

Neil Carothers

This orgy never ends. It has been rampant since Roosevelt became president in 1933. It has grown steadily worse. The situation was exposed in Congress more than 10 years ago. The Taft-Hartley Act was passed. It has accomplished little improvement. To decent citizens there is something menacing in this preying by a small minority on a whole nation.

Our industrial system is the most complex mechanism on earth. A group of Harvard economists may say in a book that government debt is a good thing or a leading public official may tell an audience of labor bosses that forced wage increases in industry help the farmers. This is economic nonsense, of course, but it requires careful analysis to show that it is.

Compares Britain With Germany

Sometimes, however, we can find a simple statistical demonstration of economic truth. Recently David M. Wright, an American economist of standing, now at McGill University, published a pamphlet which shows the comparative economic progress of West Germany and Great Britain since World War II. I have reduced the figures to simple ratios:

Gross National Product

	1949	1956
West Germany	100	175
Great Britain	100	124

Industrial Production

	1946	1956
West Germany	100	214
Great Britain	100	134

Wage Costs per Unit

	1950	1956
West Germany	100	106
Great Britain	100	129

Real Wages

	1948	1956
West Germany	100	190
Great Britain	100	107

Working Days Lost by Strikes

West Germany	69,000	†
Great Britain	179,000	†

† Average per month, 7 years.

For many years the British unions have forced unearned wage increases by strikes, set up make-work regulations, and prohibited technical improvements in production. West Germany adopted certain key policies—a sound currency, a balanced budget, moderate taxes, and free enterprise. The unions also adopted key policies—no make-work rules, approval of labor-saving improvements, and strikes only as a last resort.

Wright says that, of all the forces leading to the decline of Great Britain, the unions are probably the most destructive. The truth is that the unions have been a factor in undermining the whole British economic structure, contributing to the loss of England's world markets and supremacy in world finance. The unions have finally brought about a wretched, half-baked socialism, with the most cruel taxes in world history.

It is important to consider what brought this about. English legislators are intelligent, courageous patriots. In England the laws are enforced. When a man commits a crime he goes to jail. Judges and juries are equally incorruptible. Union officials are not thugs or racketeers. Unions in England do not practice blackmail or violence. A very long time ago the English courts, trying to protect working men against the inordinate greed and tyranny of the employers of that time, established the so-called "right to strike." It was actually a privilege granted to workers to injure an employer, to reduce production, without losing their jobs. There was no such right then, in law or justice or morals. There is none now. To aid workers in

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ARTICLE starting on the cover page, "The Over-the-Counter Market: Progressive and Panoramic," discusses the investment opportunities inherent in securities available only in the Over-the-Counter Market as exemplified in the tabulations showing the names of banks and companies which have paid consecutive cash dividends for 10 to 175 years (Table I, page 27) as well as those in the 5 to 10-year category (Table II, page 47).

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Observations . . .

By A. WILFRED MAY

CRASH FORECASTING DIFFICULTIES

Surprising to many has been the market's behavior in so quickly and completely recovering from the severe brain-washing given to the speculative contingent. Scarcely a dent in the upward price curve resulted from the spanking administered by the Securities and Exchange Commission, the Stock Exchange Presidents, and prudent brokerage houses. With barely a pause, reflected in a decline in the trading volume and price of some of the more active issues, the bull market has forged ahead to new all-time highs. This performance by the market in bounding through the prevalent skepticism is naturally hailed by the bulls as successfully absorbing healthy medicine.

A. Wilfred May

But such reassuring conclusions must be taken with a grain of salt. Countering the commendable attempts of the authorities and many brokerage firms to steer the market's participants to more sober investment behavior, with the imposition of higher margins on some of the more volatile issues, are the uncontrollable activities of some categories of the business getters. And the public is again demonstrating the perseverance of its speculative proclivities. Whatever the reasons, the *timing* of a turn in the market boom is, as always, impossible.

The Experts and the Great Crash

Coming to mind are the timing difficulties of the experts in the 1920s. The market's real bust had no connection whatever with the early warnings. Back in 1928, after two years of rising prices, there was a flood of public warnings from financial authorities and market experts—all of which were ignored or scorned as the market persisted in its upward course. Then, as the boom went on into 1929, the psychological pressures on those doubting experts grew so great, that they became convinced that they had been mistaken; that "good" stocks really were cheap at any price, that the blue sky actually was the limit. Thus, the discouraged former bears, from Mr. Richard Whitney down, became converted to the buying side through the summer of 1929—the most distressed victims of the Great Crash which finally arrived in October. Do we perhaps face a similar situation today; with the experts being right but too soon?

* * *

THE WAR ON MANIPULATION

Interesting and significant will be the course of the SEC's battle against the "evidences of increasing manipulative activity." Today's "jiggles," in a government-regulated securities world, differs from the grandiose manipulations of the 1920s in kind, degree, and volume. In the old days, pool operations were in order for every important stock on the Exchanges. They were conducted by written agreement among groups of wealthy speculators; through expert brokers operating as pool managers on the Exchange floor—the Harry Contents, Mike Meehans, Frank Blisses. The current manipulative "jiggles" are confined to a relatively small number of lower-priced stocks; and to a few of the new issues. Today's operations are carried on by what may be called "bob tail" pools; that is, through informal and unwritten understanding among individuals acting entirely off the Exchanges. Current manipulative devices which the SEC believes are being used, include guarantees against loss given to "sub participants," and lending of stock as collateral for further purchases.

Now as formerly, the ticker tape is used as an effective advertising medium—with a run-up with accelerated volume bringing in a speculative public following.

The SEC's current efforts at curbing "foul play" are taking several directions. Where manipulation is suspected, usually as noticed on the "tape," the investigators try to identify the buyers and sellers who were the source of concentrated orders. They start with the floor specialist to learn the brokerage houses among whose customers the responsible individuals may be traced.

Numerous are the Commission's difficulties in arriving at effective action. It is not easy to get proof that will stand up. Since the manipulating groups act informally, all the evidence must be circumstantial. Again we are faced with the conclusion that neither the stringent law, nor the energetic policeman, can guarantee honesty.

Education of the investing public, as by the Exchange's new "cautionary program," constitutes the best antidote to speculative abuse.

Allen B. Du Mont Jr. Joins Blair & Co. Inc.

Allen B. Du Mont, Jr., a member of the New York Stock Exchange, is now associated with Blair & Co. Incorporated, 20 Broad Street, New York City, investment banking firm, as Vice-President and Director, it has been announced.

Allen B. Du Mont, Jr.

Mr. Du Mont will serve as representative of Blair & Co. on the floor of the Stock Exchange. He is the son of the radio and television pioneer, Dr. Allen B. Du Mont.

A. G. Hageman With Baxter & Co. in N. Y. C.

Baxter & Company announces that Arthur G. Hageman has been appointed manager of their municipal bond department. Mr. Hageman will make his headquarters in the firm's New York City office at 70 Pine Street.

Bruns, Nordeman to Admit J. G. Rogosin

Bruns, Nordeman & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on April 30 will admit J. George Rogosin to partnership.

Spear, Leeds Will Admit I. H. Burnside

Irving H. Burnside, member of the New York Stock Exchange on May 1 will become a partner in Spear, Leeds & Kellogg, members of the Exchange, 111 Broadway, New York City. Mr. Burnside is a partner in I. H. Burnside & Co. which will be dissolved April 30.

Direct Planning Formed

Direct Planning has been formed with offices at 25 Broad Street, New York City, to engage in a securities business. Partners are Max Hirsch and Arnold Pohs.

Otto Forst Assoc.

LOS ANGELES, Calif. — Otto Forst is conducting a securities business from offices at 7466 Beverly Boulevard under the firm name of Otto Forst & Associates.

Harry Heching Opens

Harry Heching is engaging in a securities business from offices at 228 Audubon Avenue, New York City. Mr. Heching was formerly with Sutro Bros. & Co.

Katzenberg, Sour Admit

Katzenberg, Sour & Co., Savoy Hilton Hotel, New York City, members of the New York Stock Exchange, on April 27th, will admit Lee J. Spiegelberg and Leonard C. Kline to partnership.

With Woolrych, Currier

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Robert P. Sedlock, Jr. is now connected with Woolrych, Currier & Carlsen, 233 A Street, members of the Pacific Coast Stock Exchange.

The State of Trade and Industry

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

The Federal Reserve Board's seasonally adjusted index of industrial production rose in March to a record high of 147% of the 1947-49 average, two points above the revised February figure and four points above January. Gains in output in both February and March were widespread.

Total output of durable goods increased substantially in March and was only 3% below the previous high of December, 1956. Steel mill operations rose seven percentage points to 92% of capacity, and since mid-March ingot production has been at 93%. Output of construction materials also advanced in March. Overall activity in producers' durable goods industries continued to increase as output of farm machinery and most other equipment rose further. Production of household durable goods apparently remained at near record levels. Auto assemblies recovered from the reduced February rate and were maintained in early April.

Total production of nondurable goods rose further in March to 6% above the pre-recession level in 1957. Output of paper, rubber, and chemical products and activity in the apparel and petroleum refining industries were at record levels. Minerals output was maintained in March as a decline in crude oil was offset by increases in other lines.

Construction: Private nonfarm housing starts rose 5% in March to a seasonally adjusted annual rate of nearly 1.4 million units. Total new construction put in place edged up to a record high as increases in most types of public construction and in private commercial activity more than offset declines in private residential, public utility, and industrial activity. The slight decrease in residential construction followed a substantial rise over the preceding nine months.

Employment: Seasonally adjusted nonfarm employment rose 245,000 in March to a level 1.3 million above the April, 1958, low but 1.1 million below August, 1957. Employment in durable goods manufacturing industries increased further in March and construction employment recovered to the levels of last Autumn. Average weekly hours and hourly earnings at factories also increased, and weekly earnings reached $88.62—9% higher than a year ago. Unemployment declined about 400,000 to 4.4 million, and the seasonally adjusted rate declined to 5.8% of the civilian labor force from 6.1% in February.

Distribution: Seasonally adjusted retail sales increased 1% further in March and exceeded the previous high of last December. Sales at outlets for apparel and household goods generally advanced. The index of department store sales was 141% of the 1947-49 average compared with 139 in February. Unit sales of new autos rose more than seasonally in March and used car markets remained strong.

Commodity Prices: Wholesale prices of industrial commodities continued to rise in March and early April. Reflecting mainly expanding business demands, sensitive industrial materials such as hides and leather, textiles, rubber, and lumber advanced, and there were increases in prices of some finished industrial products. Steel scrap prices declined, despite record output of steel mill products, and lead prices were reduced. Prices of agricultural commodities changed relatively little.

Bank Credit and Reserves: Total loans and investments at city banks increased $1.7 billion over the four weeks ending April 1. Loan expansion of $1.6 billion reflected principally a substantial rise in business loans around the mid-March tax date and an increase in security loans in connection with the April 1 Treasury financing. Bank holdings of U. S. Government securities declined slightly as sales and redemptions during March more than offset purchases of new Treasury securities on April 1.

Member bank borrowings from the Federal Reserve averaged $600 million and excess reserves $460 million over the four weeks ending April 8. Borrowings were slightly higher than in the previous four weeks while excess reserves were about unchanged. Over the four weeks ending April 8, reserves were absorbed mainly by an increase in required reserves associated with bank purchases of new Treasury securities, a build-up in Treasury deposits at the Reserve Banks, and a currency outflow. Reserves were supplied principally by Federal Reserve purchases of U. S. Government securities.

Security Markets: Bond yields generally increased from mid-March to mid-April, with yields on high-grade corporate securities at new highs and those on Treasury bonds back to the January highs. The market rate on 3-month Treasury bills rose to over 3%. On April 1, Treasury cash financing included a 4% note in the amount of $1.7 billion, an additional $600 million of the 4% bond of 1969, and $2.0 billion of a special January bill.

Nationwide Bank Clearings Down 4.8% From 1958 Week

Bank clearings this week show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle," based on telegraphic advices from the chief cites of the country, indicate that for the week ended Saturday, April 18, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 4.8% below those for the corresponding week last year. Our preliminary totals stand at $25,665,311,118 against $26,963,459,989 for the same week in 1958. Our comparative summary at the principal money centers was as follows:

Week End. Apr. 18	1959	1958	%
New York	$13,590,467,362	$15,159,880,453	—10.4
Chicago	1,372,055,922	1,176,923,374	+16.6
Philadelphia	1,161,000,000	1,080,000,000	+ 7.5
Boston	783,059,749	737,398,879	+ 6.2

Steel Union and Managements to Confer Earlier

Announcement has been made that the important forthcoming conference between the United Steelworkers and 12 steel industry

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The Coming Crisis in External Convertibility in U. S. Gold

By O. K. BURRELL
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In predicting as inevitable the embargo of gold as the culmination of a long sequence of incompatible practices, Oregon economist opines it may come as a shock but will constitute hardly any change in our direction. Holding the root cause of inflation to be our political immaturity and economic illiteracy, Prof. Burrell cites such imponderabilia as: (1) delusion that money based on government bonds is better than printing press money; (2) resort to more credit expansion to cure evils of credit overexpansion; (3) compounding past errors rather than correcting them in the banking reforms of 1930's; and (4) blaming recurring crises to too little money. Noting the public's unwillingness to accept the disciplines of the free market place and the gold standard, the writer concludes gold is an anachronism and expects severance from monetary usage may result in a less than $35 free market price

Between Feb. 1958 and Feb. 1959, the United States gold stock declined by $2.2 billions. At the same time short-term liabilities to foreigners reported by banks in the United States have continued to increase and amounted to 16.2 billions at Jan. 31, 1959. This combination of circumstances has led to widespread speculation that something like a run on the dollar may be developing. True it is that the United States still has $20 billion in gold which is something like half of the world's supply of the yellow metal. It is true also that only about $12 billion in gold is required as the 25% legal cover for Federal Reserve note and deposit liabilities. The difference of $8 billion would be insufficient to meet foreign short-term claims; indeed it would cover only a little more than half of these claims. But not all foreign short-term claims are required to be paid in gold; only the claims of foreign central banks or monetary authorities have been permitted to be converted into gold and even then there is no legal obligation to do so. But in the event of a real run on the dollar the distinction between the claims of monetary authorities and the claims of foreign commercial banks, corporations, and individuals would be quite academic. These foreign claims of non-governmental corporations and individuals could, by one means or another, be transferred to monetary authorities and thus become eligible for withdrawal in gold under present arrangements.

O. K. Burrell

The First National City Bank Letter for December, 1958 contained a discerning and useful analysis of the problem of monetary gold in relation to foreign claims and the possibility of a run on the dollar. This bank letter conceded that whether or not a run on gold develops depends upon the wisdom and courage of monetary and fiscal policy in the United States. While conceding that the U. S. gold supply is not unlimited, the bank letter apparently concluded that the gold outflow of 1958 does not represent the beginning of a run on the dollar. In reaching this conclusion the letter relied upon the following, (1) the gold movement of 1958 did not represent a drawing down of foreign balances in the United States since these balances continued to increase. It did represent merely the increase in U. S. imports relative to exports, (2) a large part of foreign dollar holdings represents necessary working balances to meet current or prospective payment requirements in the United States and would not be available as a basis for conversion into gold, (3) in the postwar period there have been previous gold outflows of substantial magnitude but these came to an end when it became evident that rampant inflation in the United States would not occur, (4) Americans as well as foreigners are aware that the United States has abundant resources and productivity and inflationary pressures are weaker in the United States than in many foreign countries, (5) while the United States is a debtor at short-term it is a creditor to the extent of about $35 billion in long term investments in foreign countries.

Predicts Gold Embargo

It seems quite probably true that the present outflow of gold will not lead in the immediate or foreseeable future to a suspension of gold payments. Nevertheless, it is the conclusion of this analysis that, on the basis of present arrangements and prevailing economic and financial modes, the suspension of gold payments is inevitable. It is not possible to predict when this will occur. The forces that must bring it about did not originate yesterday; indeed they did not originate with World War II; they did not even originate in New Deal monetary revolution of 1933-34. These forces had in fact been in operation at least two decades before 1933. The substance of the argument is that any system of gold convertibility, either internal or external, is entirely inconsistent with a system of political money management where the sovereign people are unwilling to accept the discipline of free market forces.

I

Historical Perspective

In the nature of things there cannot be inflation in a simple barter economy. True the exchange values of some commodities and services may change to correspond with changes in production and demand, but there can be no such thing as a change in the general price level. Indeed it would be impossible to construct a price index. Only the invention of money makes inflation possible. Perhaps it would be more accurate to say that it is only the invention of fiat money or the development of private credit (bank deposits) that serves as money that makes inflation possible. If money consisted of a universally accepted commodity with a stable or slowly growing supply, and if banks of deposit did not exist, inflation would be impossible. When banks of deposit exist there can be some measure of expansion and contraction arising from fractional reserves. Bank loans create deposits which serve as money and, while these created deposits may not stay in the bank whose loan created them, they must remain as deposits somewhere in the banking system until, (1) the loan is repaid, (2) the deposit is used as a basis for withdrawal of standard money which is then hoarded.

But even with a fractional reserve banking system, the possibility of overexpansion is rather definitely limited as the banking system reserves approach the limits established either by law or by banking prudence, so long as money consists of a standard commodity.[1] But if the supply of the money commodity expands more rapidly or less rapidly than the supply of goods and services corresponding price changes would be expected to result. The period of expansion of gold output resulting from discoveries and improvements in refining in the period following 1898 is sometimes referred to as a "gold inflation."

Even with a standard commodity money it is relatively easy, and indeed popular, to develop means of expanding bank loans (and deposits) beyond the point that would normally be possible with a given quantity of reserves. One of the principal purposes sought to be achieved in the organization of the Federal Reserve System was that of "conservation of gold." A given quantity of gold in the vaults of the Federal Reserve Banks was designed to serve as a base for a variable amount of member bank reserves depending upon the policies of the governing board. The reserves of the member banks were required to be measured solely by their deposits in the Federal Reserve Bank, but the Federal Reserve Banks themselves operated on the basis of fractional reserves. Thus, in effect, one set of fractional reserves was superimposed on another set of fractional reserves. This made it possible for a dollar of gold reserve in the vaults of the central bank to support a much larger volume of member bank loans and deposits than if these reserves were held directly by the individual member banks.

The supporters of the new system believed that it was necessary and desirable to centralize bank reserves in order that the central bank might be in a position to extend credit to member banks in particular areas in time of need. The proposed system was compared with a system of fire protection employing a central water reservoir as opposed to one employing a larger number of smaller reservoirs. That the proposed system would make possible an enormous expansion of bank credit was sometimes ignored and sometimes admitted. Those supporters who admitted the possibility believed that the non-political governing board with the security of long-term appointments would be able to manage the system so as to create stability and avoid overexpansion and inflation. Then, too, it was felt that the danger of overexpansion was reduced by the fact that member bank rediscounting was limited to short-term commercial paper although the Federal Reserve Banks could expand member bank reserves by purchases of government securities.

Those who opposed the act believed that it provided the machinery for a vast inflationary expansion of credit. It was pointed out that the effect of the act would be inflationary even if not a dollar of currency was added to the then existing total by releasing for circulation the greater part of one billion, five hundred millions then held by the banks as cash reserves. Moreover the inflation potential of additions to the gold supply would be vastly expanded since each dollar of gold supply could be translated into two and one-half dollars of reserve bank credit[2] and member bank deposits by many times that.

Perhaps the most far seeing criticism of the basic philosophy of the act was that of Senator Elihu Root made in the United States Senate on Dec. 13, 1913. In this often quoted speech, Senator Root said, in part:

"This is in no sense a provision for an elastic currency. It does not provide for an elastic currency. It provides for an expansive currency but not an elastic one. It provides a currency which may be increased, always increased, but not a currency for which the bill contains any provision compelling reduction. . . .

"With the exhaustless reservoir of the Government of the United States furnishing easy money, the sales increase, the businesses enlarge, more new enterprises are started, the spirit of optimism pervades the community. Bankers are not free from it. They are human. The members of the Federal Reserve Board are not free from it. They are human. Regional bankers will not be free from it. They are human. All the world moves along on a growing tide of optimism Everyone is making money. Everyone is growing rich. It goes up and up . . . until finally someone . . . breaks . . . and down comes the whole structure."

Correcting Overexpansion by More Expansion

This pessimistic expectation was largely fulfilled in the period

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1 This is strictly true only so long as bank reserves are measured solely by the money commodity in the bank's own vault. When banks are permitted to count as reserve their own deposits in other banks some further expansion is possible by means of reserves created by inter-bank borrowing.

2 On the basis of a 40% reserve requirement.

Inflation—A Problem of Shrinking Importance

By SUMNER H. SLICHTER*
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Dr. Slichter adds to his well known views on inflation additional observations which are bound to generate an even greater reaction than that enjoyed up until now. He throws cold water on the current general agitation and opposition to inflation in averring: (1) inflation is of diminishing importance and our fear of it has caused us to neglect more important problems; (2) price inflation can have and has had helpful consequences in our economy; and (3) we will not completely halt creeping inflation because of the optimistic prospects for the future of our economy. The economist submits a program to restrain pace of inflation involving the government, labor and foreign trade duties and quotas, but he says action taken will be spotty and tardy.

I

The Basic Facts

The postwar world has been an age of inflation. All of the industrial countries of the free world have had rising price levels, and in the less developed countries price levels have been rising also, in many cases faster than in the industrial countries. Accurate comparisons of changes in the price levels in different countries are not possible because of differences in the ways of measuring prices and differences in the composition of the index numbers. Nevertheless, one is justified in saying that there have been great differences between countries in the amount of price increase.

Sumner H. Slichter

The rise in the consumer price index between 1948 and 1957 among the industrial countries outside of the Iron Curtain ranged from a low of 9.4% in Switzerland to a high of 124% in Austria. The United Kingdom had a rise of 50.6%; Sweden, of 46.8%; France, of 76.7%; Western Germany, of 14%. No industrial country in this period had a drop in the price level.

The record of the United States during this period of inflation has been exceptionally good. Between 1948 and 1957 the consumer price index here rose 16.9%. Only three of the industrial countries, Belgium, Switzerland, and Western Germany, had a smaller rise in the price level during this period. But ill-informed talk about inflation in the United States has aroused unjustified fears and has given Americans an inferiority complex on the subject of prices. Few Americans are aware that this country has done a far better job of limiting the rise in the price level than have most other industrial countries. Few Americans know that the index of consumer prices has risen in the United States during the last 10 years less than one-third as much as in the United Kingdom, only one-fourth as much as in France, one-seventh as much as in Austria, only one-third as much as in Norway, less than half as much as in Sweden, the Netherlands, or Denmark, and over one-third less than in Italy or Canada.

Ill-informed talk about inflation has also led many Americans to overlook the fact that the rate of increase in prices is diminishing. The drop in the rate of price increase has been world-wide. In the United States, the consumer price index increased 73% in the period 1939 to 1948 and only 20% in the period 1948 to 1958. In the five years ending in 1953 the consumer price index rose by 11.3%; in the five years ending in 1958 the increase in the index was only 7.8%.

As the rise in the price level has become more gradual, talk about inflation has increased. Perhaps the reason is that people are gradually perceiving that inflation is not a temporary phenomenon, due to acute but passing maladjustments, but that it is a lasting phenomenon due to built-in characteristics of the economy that are not easily changed.

II

The Causes of Inflation

The causes of price movements during the last 20 years have varied from country to country and from time to time. It is a mistake to generalize from the specific causes that have caused inflation in particular countries at particular times. Each case of inflation must be examined in the light of the particular facts. Our concern should be focused particularly upon the future, and we should seek to discover whether the economy has acquired characteristics that give good reason to expect the price level in the future to be stable, to rise, or to fall.

Three principal explanations of inflation in the United States have been advanced: (1) the great increase in the money supply that occurred during the war; (2) the increase in so-called "administered prices" in certain industries, particularly steel and automobiles; and (3) the effect of rising labor costs.

(1) **The effect of great increases in the money supply.** The war was financed to a substantial extent by borrowing from the banks. As a result, the money supply (measured by demand deposits and currency outside of banks) by 1945 was almost three times as large as in 1939. In relation to the gross national product at current prices, the money supply was about 46% greater than in 1939. The war had forced people to go without many things and had built up an enormous backlog of unsatisfied needs for goods, particularly durable consumer goods and capital equipment. It is not surprising that the combination of a huge increase in the money supply and the accumulated need for goods produced a substantial upsurge in prices once controls and ceilings were removed. The consumer price index had risen 40% between 1939 and 1946; it rose another 23% between the years 1946 and 1948. The rise in the index of wholesale prices was even greater.

The year 1948 may be regarded as a sort of dividing year in the postwar economic history of the United States. It was followed by the first drop in the price level in the postwar period—for prices in 1949 were somewhat lower than in 1948. The year 1948 was close to the time when the economy reached the peak of its liquidity. In terms of current dollars, the economy reached its maximum degree of liquidity in 1946 when there was 52.2 cents of demand deposits and currency outside of banks for every current dollar of gross national product. From then on the economy rapidly lost liquidity, for the money supply increased far less rapidly than the dollar volume of the gross national product. By 1957 the money supply was down to 31.5 cents per dollar of gross national product. When the gross national product is expressed in dollars of constant purchasing power, the maximum liquidity of the economy is found to have occurred in the year 1947, when there was 36.4 cents of demand deposits and money outside of banks for every dollar of gross national product expressed in 1958 prices.

Explanations of inflation that are valid for a period when the economy was becoming more liquid are not necessarily valid for a period during which the economy was losing liquidity. Hence, though inflation up to about 1948 can be explained in large part by the increase in the money supply, that explanation is not satisfactory for the subsequent period when real national product was growing considerably faster than the money supply. For this subsequent period the money supply theory would call for a drop in the price level, but prices continued to move upward, though at a slower rate.

The period subsequent to 1948, when output was outrunning the money supply, was also a period when public and private debts were increasing. There was a great increase in home ownership with a rapid expansion of mortgage indebtedness, a large growth in short- and intermediate-term consumer credit, a substantial rise in the gross debt and guaranteed issues of the Federal Government, and a large growth in state and local government debts. All in all, between 1948 and 1958 the net public and private debt of the country increased by over $324 billion, or nearly 75%. And yet, in spite of this enormous growth in debt, the money supply grew less rapidly than physical output. Between 1948 and 1957 the growth in the money supply was 24%, and the growth in the gross national product, expressed in dollars of constant purchasing power, was 39%. The economy was becoming less liquid because much of the increase in debt was being financed out of savings. Tables I and II set forth the essential facts concerning the changing liquidity of the economy.

(2) **The effect of so-called "administered" prices.** By the ambiguous expression "administered prices" is apparently meant prices fixed by a few large concerns which are not under pressure to keep profit margins modest by fear that their customers or someone else will start in business in competition with them. There is impressive evidence that these situations exist in the case of steel and automobiles and perhaps some other industries as well, but there are not enough such situations to explain the rise in the price level. Indeed, the durable consumer goods category in the consumer price index, which would show the greatest effect from so-called "administered" prices, has risen less in recent years than other parts of the index (Table III). So-called "administered" prices have a strong appeal to politicians as a cause for inflation because they give the politicians a chance to blame "big business," but they are not a satisfactory explanation of inflation. They apply to too few prices. A special difficulty with "administered" prices as an explanation of inflation is that the period 1947 to 1958 has been a time of shrinking profit margins, indicating that sellers were having difficulty in maintaining profits. This matter is discussed below.

(3) **The effect of higher labor costs.** Inflation in the United States in the period from about 1947 or 1948 to the present, when the liquidity of the economy was shrinking and profit margins were narrowing, is best explained through rising labor costs. Indeed, rising labor costs seem to have played an important role in pushing up prices even during the period prior to 1948 when the money supply was growing faster than output. In the 14 years 1933-34 to 1946-47, hourly earnings of factory workers increased more than output per manhour in nine years and exceeded the rise in the consumer price index in 11 years. But it is in the period subsequent to 1947 that the effect of rising labor costs upon prices is particularly impressive. The following five facts stand out:

(a) The period 1947 to 1958 was a time of decreasing profit margins. This fact is important because it shows that the initiative in raising prices was not being taken by employers. In the four years 1947 to 1950 inclusive the net income of non-financial corporations after taxes per dollar of sales averaged 4.45 cents. In the next four years the average net income was 4.10 per dollar of sales; and in the three years, 1955 to 1957 inclusive, it was about 3.3 cents per dollar of sales.[1]

(b) During the 11-year period 1947 to 1958, the rise in hourly compensation for all workers in private industry exceeded the gain in real product per manhour in eight years. For the 11-year period the rise in hourly compensation was almost twice as large as the rise in real product per manhour. The rise in hourly compensation was 66.7%; the gain in real product per manhour was 33.6%. In a consolidated income statement of American business labor costs are by far the most important cost. In 1957 they represented about two-thirds of income originating in business and about four-fifths of income originating in corporate business.[2] In other words, in a consolidated income statement of American business labor costs are twice as important as all other costs combined. When labor costs are this important and when year after year the hourly compensation of employees outruns output per manhour, some increase in the price level is obviously necessary.

(c) In every one of the last 11 years without exception the average hourly compensation of workers in private industry rose more than the consumer price index. Some people have suggested that wages were simply chasing prices up, but the fact that in 11 successive years hourly earnings rose more than prices indicates that the reverse was true—that prices were chasing wages up.

(d) In every one of the last 11 years except one, the hourly compensation of workers in pri-

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*An address by Dr. Slichter before the Association of Reserve City Bankers, Boca Raton, Fla., April 13, 1959.

[1] 85th Congress, First Session, Joint Committee Print, *Productivity, Prices, and Incomes*, Table 26, p. 109; and U. S. Department of Commerce, *U. S. Income and Output*, p. 205.

[2] Supplement to Survey of Current Business, *U. S. Income and Output*, pp. 134-135. In 1957, of $308.0 billion of income originating in business, $206.1 billion represented compensation of employees. Of $202.0 billion of income originating in corporate business, $161.9 billion represented compensation of employees.

TABLE I

	Gross National Product in 1958 Prices	Consumer Price Index (1947-49=100)	Total Deposits and Currency Excluding U. S. Govt. Deposits (Billions)	Total Demand Deposits and Currency (Billions)	Total Money Supply Per Dollar of Gross Natl. Prod. in 1958 Prices	Total Demand Deposits & Currency Per Dollar of GNP at 1958 Prices	Annual Rate of Turnover of Demand Deposits in 337 or 338 Reporting Centers
1929	$201.0	73.3	$54.6	$26.4	27.2¢	13.1¢	---
1939	208.8	59.4	63.3	36.2	30.3	17.3	---
1945	354.1	76.9	150.8	102.3	42.6	28.9	13.5
1946	312.2	83.4	164.0	110.0	52.5	35.2	14.1
1947	311.8	95.5	170.0	113.6	54.5	36.4	15.5
1948	323.7	102.8	169.1	111.6	52.2	34.5	16.6
1950	351.6	102.8	176.9	117.7	52.3	33.5	17.2
1957	451.1	120.2	227.7	138.6	50.5	30.7	23.0
1958	437.7	123.3	241.0	143.1	55.1	32.7	22.9

TABLE II

	Gross Natl. Product at Current Prices (Billions)	Total Amount of Money Per Dollar of Gross National Product	Demand Deposits and Currency Outside of Banks Per Dollar of GNP
1929	$104.4	52.3¢	25.3¢
1939	91.1	69.5	39.7
1945	213.6	70.6	47.9
1946	210.7	77.8	52.2
1947	234.3	72.6	48.5
1948	259.4	65.2	43.0
1950	284.6	62.2	41.4
1957	440.3	51.7	31.5
1958	437.7	55.1	32.7

TABLE III

	All Items	Durables	New Cars
1939-1958	108.2%	97.0%	151.9%
1953-1958	7.9	—2.0	14.5
1955-1958	7.7	5.0	15.6

Changes in the quality of cars preclude accurate measurement of changes in their prices.

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

New Issue — April 22, 1959

$200,000,000

Power Authority of the State of New York

General Revenue Bonds, Series F

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

$160,000,000 4.20% Bonds, due January 1, 2006

Price 100%

$40,000,000 Serial Bonds

Principal Amount	Due January 1	Interest Rate	Price or Yield	Principal Amount	Due January 1	Interest Rate	Price or Yield
$1,825,000	1965	3.50%	3.00%	$2,750,000	1973	3.50%	3.65%
2,100,000	1966	3.50	3.10%	2,850,000	1974	3.75	3.70%
2,325,000	1967	3.50	3.20%	2,950,000	1975	3.75	100
2,275,000	1968	3.50	3.30%	3,050,000	1976	3.75	100
2,375,000	1969	3.50	3.40%	3,175,000	1977	3.75	3.80%
2,450,000	1970	3.50	100	3,275,000	1978	3.75	3.80%
2,550,000	1971	3.50	3.55%	3,400,000	1979	3.75	3.80%
2,650,000	1972	3.50	3.60%				

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

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

Copies of the Circular dated April 21, 1959, which contains further information, including the Official Statement of the Authority, may be obtained from such of the undersigned as may legally offer these securities under applicable securities laws. The undersigned are among the Underwriters.

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Dealer-Broker Investment Recommendations & Literature

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

Bank Stocks — Quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Canadian Economy—Analysis—Saunders Cameron Limited, 55 Yonge Street, Toronto, Canada.

Inflation and Tax Exempt Bonds—By Harry L. Severson—Marine Trust Company of Western New York, 120 Broadway, New York 15, N. Y.

Japanese Stock Market—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co.** and a survey of the **Steel Industry.**

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

Nebraska Municipal Subdivisions—Statistical information 1958-1959 — Wachob-Bender Corporation, 3624 Farnam Street, Omaha, Neb.

New York City Bank Stocks—Comparison and analysis for first quarter of 1959—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is a study of the economy at the first quarter's end.

New York Stock Exchange Fact Book 1959 — A statistical portrait of the Exchange Community — New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

North Jersey—Brochure of facts about North Jersey, its past, present and future—Community Relations Department, New Jersey Bank and Trust Company, 129 Market Street, Paterson 1, N. J.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4 N Y

Profit Surge — Discussion of 1959 profit outlook for various industries—Bache & Co., 36 Wall Street, New York 5, N. Y.

Railroads—Survey—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. In the same circular is a review of the **Shipbuilding Industry.** Also available is an illustrated brochure "The Modern Brokerage House," the story of E. F. Hutton & Company.

Securities Outlook — Analysis — G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

Should Inflation Be Prohibited? — Review — C. F. Childs and Company, Inc., 1 Wall Street, New York 5, N. Y.

Sugar—Report—Lamborn & Company, Inc., 99 Wall Street, New York 5, N. Y.

Tom Thumb Electronics — Discussion — National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.

U. S. Treasury Issues—Table of comparative yields—Aubrey G. Lanston & Co., Inc., 20 Broad Street, New York 5, N. Y.

Wisconsin Municipal Bonds—Bulletin—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

* * *

Aetna Insurance Company — Analysis — A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Harsco Corp., Mission Development Co.** and **Wagner Electric Corp.**

American Bosch Arma Corp.—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **Chicago, Rock Island & Pacific.**

American Telephone & Telegraph Co.—Analysis—Oscar Gruss & Son, 150 Broadway, New York 38, N. Y.

American Tobacco Company—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **Reichhold Chemicals Inc.**

Amphenol Borg Electronics Corporation—Review—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Continental Oil Company — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a review of **Warren Brothers Company** and a list of **Natural Gas Utility Companies.**

Cook Coffee Company—Report—A. G. Becker & Co. Incorporated, 60 Broadway, New York 4, N. Y.

Cook Electric Co. — Report — Leason & Co. Incorporated, 39 South La Salle Street, Chicago 3, Ill. Also available are reports on **Insurance Corp. of America, Gulf Coast Leaseholds, Foundation Corp.** and **Norris Thermador.**

J. S. Dillon & Sons Stores Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Dixon Chemical Industries, Inc. — Analysis — Darius Incorporated, 90 Broad Street, New York 4, N. Y.

El Paso Natural Gas Company—Annual report—El Paso Natural Gas Company, El Paso, Texas.

W. R. Grace & Co. — Memorandum — J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

W. R. Grace & Co. — Annual report — W. R. Grace & Co., 7 Hanover Square, New York 5, N. Y.

Harvill Corp.—Memorandum—Carlson & Co., 2023 First Ave., North, Birmingham 3, Ala.

Houston Corporation—Analysis—Kay and Co., Inc., 2316 South Main, Houston 2, Texas.

James Lees & Sons—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

John Labatt Limited—Analysis—McLeod, Young, Weir & Company Limited, 50 King Street, West, Toronto, Ont., Canada.

Lanier Aircraft Corp.—Reprint from Flight Magazine describing Stol Paraplane—B. S. Lichtenstein & Company, 99 Wall Street, New York 5, N. Y.

Manning, Maxwell & Moore—Analysis—Hardy & Co., 30 Broad Street, New York 4, N. Y.

Manufacturers Trust—Review—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are reviews of **Reed Roller Bit, St. Louis-San Francisco Railway** and **Standard Oil of Ohio.**

McCord Corporation—Analysis in "Current Comments for Investors"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are reviews of **American Can Co.** and **Dan River Mills** and a list of selected stocks in the 1920s.

Molybdenum Corp. of America—Memorandum—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y

National Steel Corporation — Annual report — National Steel Corporation, Grant Building, Pittsburgh, Pa.

Nationwide Corporation — Study — Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Niagara-St. Lawrence Power Projects—Brochure on construction progress—Power Authority of the State of New York, Albany, N. Y.

Pacific Gamble Robinson Co.—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Seabrook Farms Company — Report — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Southern Natural Gas Company — Annual report — Southern Natural Gas Company, Watts Building, Birmingham, Ala.

Steel Company of Canada Limited—Analysis—Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Canada.

Stix, Baer & Fuller Company — Analysis — Semple, Jacobs & Co., Inc., 711 St. Charles Street, St. Louis 1, Mo.

Title Insurance and Trust Company—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

United Air Lines, Inc.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Walworth Company—Analysis—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Washington Steel Corporation — Analysis — Singer, Deane & Scribner, Union Trust Building, Pittsburgh 19, Pa.

With W. G. Nielsen

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif.—Paul R. Woudenberg is now affiliated with W. G. Nielsen Co., 362 East Olive Avenue.

Joins Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—David L. Zakon is now with Keller Brothers Securities Company, Inc., Zeron Court Street.

With Jay C. Roberts

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Gordon Smith is now connected with Jay C. Roberts & Co., Third National Bank Building.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Wayne C. Stewart has become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

COMING EVENTS

In Investment Field

April 29-30-May 1, 1959 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual spring party at the Sunset Country Club.

May 1, 1959 (New York City)
Security Traders Association of New York 23rd annual dinner at the Waldorf-Astoria.

May 14-15, 1959, (Nashville, Tenn.)
Security Dealers of Nashville Annual party at Hillwood Country Club and Belle Mead Country Club.

May 15, 1959 (Baltimore, Md.)
Baltimore Security Traders Association 24th annual Spring outing at Country Club of Maryland.

May 15-17, 1959 (Los Angeles, Calif.)
Security Traders Association of Los Angeles summer party at the Biltmore, Palm Springs.

May 19-20, 1959 (Omaha, Neb.)
Nebraska Investment Bankers Association annual field day.

May 25-26, 1959 (Milwaukee, Wis.)
Association of Stock Exchange Firms Board of Governors meeting at the Pfister Hotel.

May 29, 1959 (Detroit, Mich.)
Basis Club golf outing at the Lakepoint Country Club, St. Clair Shores, Mich.

June 5-7, 1959 (San Francisco, Calif.)
San Francisco Security Traders Association at the Santa Rosa Flamingo Motel, Santa Rosa, Calif.

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

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

June 12, 1959 (New York City)
Municipal Bond Club of New York Summer outing at Westchester Country Club.

June 12, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia Summer outing at the Overbrook Country Club.

June 18, 1959 (Minneapolis-St. Paul, Minn.)
Twin Cities Bond Club 38th annual picnic and outing at White Bear Yacht Club, White Bear Lake, Minn. (preceded by a cocktail party June 17 at the Nicollet Hotel, Minneapolis).

June 19, 1959 (Bryn Mawr, Pa.)
Philadelphia Securities Association annual outing at the Overbrook Golf Club, Radnor Township.

June 25-27, 1959 (Hyannis, Mass.)
Consumers Bankers Association Atlantic States Sectional meeting, Wianno Club.

June 26, 1959 (New York, N. Y.)
Municipal Bond Women's Club annual outing at Seawane Harbor Club, Hewlett, N. Y.

Aug. 9-21, 1959 (Charlottesville, Va.)
School of Consumer Banking, University of Virginia.

Aug. 14-15, 1959 (Detroit, Mich.)
Basis Club summer outing at St. Clair Inn and Country Club, St. Clair, Mich.

Sept. 17-18, 1959 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktail and dinner party Thursday at Queen City Club; field day, Friday, Kenwood Country Club.

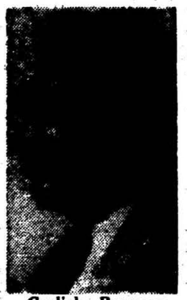
Sept. 23-25, 1959 (Milwaukee, Wis.)
National Association of Bank Women 37th annual convention.

Sept. 28-29, 1959 (Toronto, Canada)
Association of Stock Exchange First Board of Governors meeting at the Royal York Hotel.

From Washington Ahead of the News

By C. BARGERON

If it were the Russians' strategy to create a crisis around Berlin in order that they could take over Iraq, they have just about accomplished their purpose.



Carlisle Bargeron

It is well known that to prevent such a contingency we landed troops in Lebanon several months ago. However, we withdrew them after the Lebanese Government had become stabilized and we had no further excuse to keep them there. Just how Iraq could have been prevented is difficult to understand. There were no developments there to justify our sending troops. The trouble was all in Iraq with two factions vying for power. The government was overthrown but it was all an internal affair. Who are we to say which of two governments a country can have or say whether that government will be in our orbit or in Russia's?

Iraq is now definitely on the side of Russia, and the latest reports say they intend to hoist their share of the oil developed, possibly making the American, British and French interests pay 60% instead of the present 50. Then they are reported to want to turn a large piece of the property over to the Russians, property which the western interests are now developing.

No good will come of this to Iraq and no harm will come to us. We are by no means dependent upon Iraq oil.

Russia does not need any oil. She has vast reserves in Russia and in addition has the Rumanian fields. She will likely prove to be a very bad market for Iraq.

It will be recalled that when Iran nationalized her oil, she ran into financial difficulties, being able to find no market for it. Where was Russia at this time? Iran was very glad to return to their previous arrangements with western oil companies. Insofar as oil is concerned, it is a safe bet that Iraq will feel the same way.

Very shortly, however, we expect the Democrats will be citing Iraq as another Communist advance for which our foreign policy is responsible. The facts are that there was nothing else we could do. The Russians did not march in and take over the government. They infiltrated and succeeded in getting their stooges in places of power.

But if the Russians have won in Iraq, they have suffered just that much of a reverse in Nasser's Egypt. He is more excited, in fact, about the Russian influence in Iraq than we are. It strikes at his plan for an all-Arab state and his anti-communist utterances are getting louder every day.

It may be that in the vacillations of Mid-East politics we will find ourselves back in camp with Nasser before very long and John Foster Dulles will have been proved right when he gave Nasser a pearl handled revolver as a token of friendship.

The Old Man has been proven right in the past and certainly such an outcome will be no crazier than the fact that our two enemies in World War II, Germany and Japan, are now our allies, and our ally, Russia, is our mortal enemy.

Mr. Dulles in his illness is enjoying approbation that would come in handy to him when he had his health.

The attitude of the Washington correspondents in those days is inexplicable. Mr. Dulles was a kindly man and showed unfailing courtesy in his relations with them. Yet it is safe to say that a great majority of them always enjoyed seeing him in hot water and rather resented it when he wasn't.

The enemy was always getting the best of us, ran their chorus, because of his misdeeds. They would question him endlessly at his press conferences and contend with him on every word.

Mr. Dulles used very precise and exact words and this seemed to annoy the correspondents. He held more press conferences than any Secretary of State we have ever had. He far exceeded the other cabinet members in this respect. Frankly, I am of the opinion that he held too many press meetings for his own and the country's good. They seemed to keep our foreign relations on the front pages every day and in an atmosphere of controversy.

Canadian Oil Group Urges Retaliation

Canadian oil association's resolution strongly urges maximizing consumption of domestic oil at expense of competitive foreign imports.

The Board of Governors of the Canadian Petroleum Association, meeting in Calgary, has issued a policy statement on the Association's stand regarding the marketing of crude oil and products. This statement was sent April 17 to the Prime Minister of Canada and to members of the Cabinet:

"The Canadian Petroleum Association strongly urges the Government of Canada to help relieve the crisis in the producing industry, caused by the increased gravity of the world oil surplus. This threat to Canada's economic welfare results largely from conditions and recent actions outside Canada, which may displace domestic crude oil from markets presently served.

"The Association has noted with regret that the world petroleum situation has deteriorated to a point where Canadian crude oil may no longer be able to compete in Canadian markets which are open to the importation of distress crude oil and products. Because the problem and the solution to it are so vital to the nation as a whole, the Association recommends that:

(1) The Government of Canada immediately sponsor a meeting of leaders of Canada's petroleum industry, representing producers, transporters, refiners, marketers and importers. This meeting should seek a voluntary arrangement satisfactory to Government that will ensure the maximum practical use of Canadian crude oil in the market areas in Canada, from the Pacific Coast to the major consuming areas of Eastern Canada. The objective should be to utilize to the maximum extent possible all pipeline, tanker and refinery facilities in Canada which are or can be readily connected to Canadian reserves of crude, giving domestic oil priority to this extent in serving domestic markets. The Association earnestly hopes that industrial statemanship will prevail at such a meeting so that voluntary actions under Government sponsorship will be entirely effective. We believe that the Government of Canada should give strong and effective leadership to such a meeting to insure that an adequate program is adopted.

(2) The Association is concerned that imports of foreign crude oil or refined products into Canada may increase abnormally during the negotiations and planning for a voluntary control program. We believe the Government should ensure that sufficient information is available to expose any substantial change in the supply of foreign crude and products while such voluntary program is being developed.

"The Canadian producing industry requires opportunity to grow in new markets in Canada and in export areas. It is hoped that the actions suggested above for the immediate problem will promote and help the early resolution of the broad longer-range problems of oil markets for a Canadian industry which is capable of playing a progressively more important role in the expansion of the Canadian economy."

Economic Aspects of Instalment Credit

By BEN H. WOOTEN*
President, First National Bank in Dallas, Dallas, Texas

Texan banker strongly urges credit decisions be kept in the hands of credit men and kept out of the hands of salesmen. Quite aware that our efficient and broad use of credit explains why we enjoy the world's highest standard of living, Mr. Wooten is also mindful of the fact that "credit, like drugs, if taken to excess, can inflict injury, while it administered wisely, restores one to health." Looking ahead to the decade of the '60s, the banker foresees even greater demand for consumer credit for consumer durables fed by vast number of young families. He denies private credit has been abused or that the amount outstanding today is excessive, and contends that the test of too much credit is whether or not it is burdensome.

History is replete with recognition of statesmen, soldiers, inventors, and industrialists whose leadership has been a major factor in building America; but little acclaim has been given the far-seeing credit men who have made it possible for the products of industry and the blessing of freedom to benefit the average American. Credit men have helped to build and strengthen the industrial sinews of America, and it is the credit man who has made it possible for the brilliant dreams of the inventors to be sold in quantities that justify the production. If it had not been for the credit acumen of the lender, many of what are now well kept homes would have been shabby shacks almost bare, and men would have continued to spend their long hours at back-breaking, hard labor. Carts and horses instead of automobiles would be moving over mud-clogged roads. Credit — instalment credit — has made possible a world that little resembles the world of 50 years ago. Instalment credit history is as dramtic as it is revealing and has safely accelerated the growth, the achievement, and happiness of the American people far beyond our fondest expectations.


Ben H. Wooten

*An address by Mr. Wooten before the National Instalment Credit Conference, sponsored by American Bankers Association, Chicago, Ill.

Aids Our Living Standard

One of the most remarkable developments in the field of finance has been the growth of consumer credit, more specifically that which we call instalment credit. Americans often have been referred to as "the world's most ardent debtors." In terms of aggregate use of credit, that is a true statement. To me it clearly supports the fact that we are the most advanced country in the world in the use of credit, and I am convinced that our efficient and broad use of credit explains why our people enjoy the highest standard of living in the world.

A banker from India visited our bank last fall. It was his first trip in America. He spend most of his time with us in our instalment finance department inquiring about the operations of that department. He expressed amazement over the fact that we had close to 50,000 customers owing us loans as consumers to buy automobiles, furniture, appliances, or to remodel or to add to their homes. He remarked that he was beginning to understand why there are more than 63 million automobiles on the roads in this country and why 60% of American families own their homes.

He was more amazed than ever when the head of our instalment finance department told him that our losses in consumer credit were insignificantly low, and that this kind of credit was our most profitable business. Our economist explained to him that because consumer credit is made available in America to millions of families on a convenient instalment plan, sales are large enough to support our mass-production industries; and as a result, products like automobiles can be made at less cost than they otherwise could be.

Energizes and Lubricates

All of us who work in the field of finance know that credit is the fuel that both energizes and lubricates the economic machine. In other words, it stimulates the circular flow of income so essential to prosperity and economic welfare in our kind of system. Because our financial institutions are so aggressive and efficient, our economy produces more abundantly, provides more jobs for more people, and thereby generates the income necessary to support the credit which stimulated the circular flow in the beginning.

Our industries can turn out immense quantities of durable goods. If these goods could be sold only to people able to pay cash, the economies of mass production could not be realized, and prices of cars, refrigerators, television sets, etc., would be too high for most families to buy. But instalment credit puts these things in easy reach of millions of families at lower prices and at better quality because of volume production. Instalment credit is a great selling adjunct.

Most consumer durable goods have serviceable life of several years, but the average consumer receives his income in instalments—weekly, semi-monthly, or monthly. Why shouldn't he be able to buy on a time-payment plan and pay out of income as received? Why should a family be forced to save enough to pay cash for an automobile before having one? No, a long time ago, fortunately, we learned in this country that a wage earner with a steady job can be trusted with a durable good and that he can be depended upon to save while using the good. When I hear us referred to as "the world's most ardent debtors," I take delight in the words because I know our standard of living is the envy of the world, and I know credit has made it possible.

At the close of 1958, there was approximately $44 billion in consumer credit outstanding in this country. About $33 billion of this was in instalment form. Commercial banks extended about $13 billion or 40% of the instalment loans; finance companies, $12 billion or 36%; retail stores, $4.5 billion or 14%; credit unions, $2.7 billion or 8%; and the remainder by miscellaneous agencies.

Banks' Share Held Small

It was unfortunate, indeed, that commercial banks did not become aggressive in the consumer credit field long before they did. Our share of this business is not nearly as big as it should be.

Before long, we shall be entering the decade of the sixties when we can expect even greated demand for consumer credit. From what population experts are predicting, there should be a more than proportionate increase in instalment loans because the bumper crop of World War II babies will be reaching marriageable age and family formations will step up substantially. These young families will be in the market for consumer durables—for furniture, appliances, automobiles, and houses—and since they will be consuming faster than they will be producing, they will require credit in vast amounts. How much of this lucrative market will be garnered by commercial banks and how much will go to finance companies and our other competitors no one can say for sure. But we can say there will be plenty of instalment loan business in the years ahead, and aggressive selling on the part of commercial banks will assure us of a solid share.

Our economist is predicting an increase of almost 50% in dollar volume of instalment loans in the United States by 1965. On first reflection, this appears to be an overly optimistic forecast; but when you look back and see that instalment loans at the end of 1958 were more than 3½ times what they were 10 years ago, the prediction seems conservative.

Answers Critics

The charge is frequently made that consumer credit is being used excessively — that it will ultimately lead to a bust. This raises the question: how much consumer credit is too much? In my opinion, the extension and administration of private credit of all types have been outstanding examples of good business management. Private credit has not been abused, and the amount outstanding today is not excessive in relation to our ability to service it.

Improvements in the administration of credit and a better understanding of the role of credit in the American economy over the past two decades have strengthened greatly the foundation of credit. Today consumer credit is on a far sounder base than it was in the 1920's. I like to cite housing credit as an example.

Financial institutions have improved greatly the art of administering housing credit. Amortized debt servicing is a marked advance over the old single-payment plan so prevalent in the 1920's. Not only is the credit itself sounder, but the instalment payment practice has beneficial effects upon the debtor in many ways—the most beneficial being that he is less vulnerable to periods of emergency when he has steadily built up an equity, enabling him to refinance if he needs to. Pay-out periods on home mortgages are longer than in the 1920's, thus bringing monthly instalment payments near or even below rent for equivalent housing.

What most critics seem to overlook is that large absolute figures on credit outstanding are meaningless in themselves. They must be related to the debtor's ability to service the indebtedness.

For example, the nonbusiness debt in 1939 totaled $23.5 billion, of which $16.3 billion was urban mortgage debt, $4.5 billion was instalment debt, and $2.7 billion was all other consumer debt. Today, the urban mortgage debt is around $118 billion, the instalment debt is $33 billion, and all other consumer credit is $11 billion, or a total nonbusiness debt of $162 billion— seven times that of 1939.

To the casual observer, this increase seems fantastic; but let's see what else has happened since 1939:

(1) Our population has increased 44 million, which means we have about 15 million more families.

(2) In 1939 we had 45.7 million in civilian employment; now there are 64 million.

(3) Annual average factory earnings per worker were $1,363 in 1939; now they are $4,576.

(4) Total disposable personal income after taxes in the country in 1939 was about $70 billion. Currently it is at an annual rate of about $320 billion.

(5) National income is more widely distributed than it has ever been so that a far larger percentage of families can service debts.

(6) Also we should remember that today we are dealing in cheap dollars compared with those of 1939. The purchasing power of our dollar today is only about 47% or 48% of that of 1939.

Offers Test

I think the most sensible way to answer the question, "How much consumer credit is too much?" is to look at it in terms of how burdensome it is. Most people do not realize that consumer credit's record through the depression, World War II, and down to the present has held its own with less loss than other forms of credit. The record is excellent. When consumer credit is extended under proper credit standards, its instalment servicing adds no more to the debtor's economic burden than would the costs of transportation services, laundry services, ice delivery, and commercial entertainment if the consumer had to buy those for himself and his family.

When we look at the splendid collection record on instalment accounts, we must admit the soundness of the credit.

What concerns many credit analysts is not the willingness of American debtors to pay their debts but their ability to pay them. If the consumer is allowed to take on more debt than his income can carry, then his ability to pay is impaired. Sound credit administration requires the creditor to investigate carefully the borrower's economic status and not allow the borrower to take on more than can be serviced. Such investigation requires care and full cooperation among finance agencies, merchants, and employers. Most of the trouble debtors get into can be traced to the fact that credit decisions have been influenced too much by salesmen and not enough by credit men.

In my judgment, no consumer finance agency does a better job than our commercial banks; and I am confident that in the years ahead commercial banks will extend far more than the present 40% of instalment loans.

Not Worried About Today's Debt

On the whole, I am not worried about the great amount of consumer debt outstanding. In relation to our capacity to produce — our immense economic strength— it is not too large. Of course, consumer debt, like all our debts — government as well as business debts—would readily become too high if the economy should contract appreciably, large scale unemployment set in, and prices collapse.

That is a risk that cannot be calculated by any of us, but economic and political circumstances today are far different from what they used to be. We have experienced three recessions since World War II. Not one of them degenerated into a depression. Consumer buying held up well; and after inventory liquidation had run its course in each recession, industry increased output and the economy reached new highs.

Some of us here remember well the hardships of the depression of the '30s. We saw debts reduced either by default or by being paid down faster than they were extended. We saw confidence in our economy impaired, factories shut down, unemployment on every hand cut heavily into purchasing power, and sales hit bottom. No one in this room wants or expects to see such a thing again.

Although we have made mistakes in this country over the past quarter of a century, I think most of us will agree that we are now on sounder ground than we were before the depression of the '30s. It is mandatory upon all in responsible positions to see that we stay on solid ground. One responsibility that falls upon us who administer credit is to hold fast to our credit standards through every kind of economic weather. Wherever possible and whenever possible, we should strive to keep credit decisions in the hands of credit men and out of the hands of salesmen. So long as we apply sound credit principles to the administration of instalment credit, we shall move onward and upward without cause for alarm, and our living standard will continue to reflect the wisdom of banks in aggressively promoting instalment financing.

Provides Analogy

Credit to an individual or a firm may be likened unto a drug. There are many drugs which, if taken to excess, inflict injury and sometimes cause death, while these same drugs if administered wisely restore one to health. So it is with credit. Even though this danger is recognized, I am of the opinion that we do not need instalment credit controls. Self - regulation and education on the part of the lender is much to be preferred over a hard regulation written by a supervisory authority. The development of our present living standard has proved that free men working in an atmosphere of freedom can benefit themselves much more than those who are under the strong hand of regulation.

The greatest force on the earth is the desire of man to better himself when given the opportunity to do so. So long as industry is given the capacity to sell new and better goods, it will provide these goods, which in turn makes for purchasing power.

We believe that the next 50 years in the development of our living standard will be as dramatic as have been the last 50 years; and instalment finance, in a great measure, will be largely responsible for the coming true of this great American dream for the average family.

Tele Prompter Corporation

By DR. IRA U. COBLEIGH

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

A description of this unique corporation which is rapidly enlarging its coverage in the area of visual communication.

All of us remember the High School Play, the star who forgot his lines, and the prompter in the wings reminding the bumbling thespian of what words came next, in a whisper more audible than the voices of most members of the cast. Ever since Euripides and Demosthenes, there have been actors and orators stricken with sudden amnesia, but history waited till the last half of the 20th Century to produce an electronic answer to this age-old problem. This answer is the Tele Prompter, invented in 1951, and gaining broad acceptance since, sponsored by the corporation that bears its name.

Ira U. Cobleigh

The Tele Prompter itself is an uncomplicated device. It consists of a hood-like attachment placed just above the business end of a television camera. Under and slightly in back of the hood, is an electronically actuated roll—like the one on an old player piano. This rolls slowly forward and down into a sort of picture frame about a foot square. As the roll passes downward through this frame it displays several lines of the text immediately in use in bold, highly readable block type. Since it rolls by very slowly, all an actor or announcer needs to do is read the lines, which he can do merely by staring at the camera lenses. Obviously this is a marvelous gadget and Tele Prompters are standard operating equipment in most major TV studios from Coast to Coast. But while this device started the company off, other corporate activity is steadily gaining in importance.

In particular, closed circuit TV has caught on rapidly and now accounts for over 40% of company sales. This type of communication has a broad variety of applications. Championship prize fights have been telecast by closed circuit to as many as 173 cities. A company can conduct a sales meeting in New York and have the program simulcast to branch offices all over the country. Many of our largest corporations have used this closed circuit system, and its possibilities in the field of education are infinite. A world-famous professor might give a lecture at Harvard, and have it instantly flash on the screens in a couple of hundred university lecture halls all over America.

Only last week Tele Prompter Corporation delivered a closed circuit telecast from Redstone Arsenal, Huntsville, Ala., to 400 members and guests of the National Press Club in Washington, D. C. Using its PT-100 equipment, Tele Prompter Corp., proved its rating as the leading large screen closed circuit television company, in a dramatic demonstration of advanced techniques in military education. The Ordnance Guided Missile School at Redstone had the problem of instructing technician-students rapidly in the complicated task of missile-maintenance. It wanted to project the information rapidly (to reduce training time) and insure retention of the knowledge imparted. Now entire courses on missilery are pre-set on Telemation, with the instructor reading from prepared Tele Prompter script. Benefiting from this advanced audio-visual process, students are passing the course with 10% higher grades and with a time-saving of from 25% to 30%. This saving is important when you consider that the Army spends $2.8 billion annually to train skilled replacements. Maybe Group Communication like this will displace, in due course, the old-fashioned correspondence school!

In sports, in corporate, sales, and stockholders' meetings, conventions, meetings and conferences there appears to be a broad and profitable future market for closed circuit TV, in which Tele Prompter has been a pioneer and a major factor.

Considering the fact that Tele Prompter Corporation is only eight years old, it has really made quite a lot of progress. Mr. Irving B. Kahn, now President and Board Chairman, and Mr. Hubert J. Schlafly, Jr., now Vice-President in charge of Engineering, (both formerly with Twentieth Century-Fox) have guided the corporate destiny from the outset, first plugging the Tele Prompter and then using it in meetings for various companies including such big ones as General Motors, IBM, H. J. Heinz and Canada Dry. Some of these meetings were staged completely by Tele Prompter.

Sales, which didn't reach $100,000 in 1951 have burgeoned to $3,414,499 for 1958, up 51% from 1957. For 1958 net earnings were $41,956 or 12 cents per share; against a loss of $212,694, a deficit of 59 cents a share in 1957. In common with many growth stocks Tele Prompter has been an erratic earner in its early stages, due principally to start-up costs of new divisions and the time required to streamline operating techniques in developing each new company activity. For example, Sheraton Closed-Circuit Television Network was purchased in 1956 and it took a bit of time to coordinate that division and increase its profitability.

Capitalization of Tele Prompter is quite simple, consisting of 356,591 shares of common outstanding, preceded by $544,442 in long term debt. There are also certain options to purchase a total of 65,625 shares of common over a period of years at prices ranging from $4.56 to $9.88 per share. On Dec. 16, 1958 Tele Prompter common was listed on the American Stock Exchange where it trades under the Symbol TP. It has ranged, pricewise, since listing between $9 and $19¾ and currently sells around $18. Management is not the absentee variety since about one-third of the company's common is owned by principal officers and directors.

The company appears well equipped to carry on its activities to new horizons of magnitude and profitability. Its staff is technically competent, its sales approach effective; and because the company has facilities available to swiftly hook-up a nationwide closed-circuit TV telecast to over 200 cities, it can offer remarkable geographic coverage to its clients. The principal executive office is in New York, and there are branch offices in Chicago, Los Angeles, Washington and Huntsville, Ala.; and offices in Toronto (Tele Prompter of Canada, Ltd.), and in London.

For the future the military training programs, and the commercial closed - circuit facilities have exceedingly bright prospects, and the basic device, Tele Prompter, is constantly gaining wider acceptance. This has been supplemented by another glamorous accessory called Telemation which automatically synchronizes stage effects with a Speaker's voice. Metal strips, pasted under cue words in the text, touch off electronic activating mechanisms that open or close curtains, create sound or lighting effects and project still or motion pictures.

Obviously no investor stressing dividend income would be particularly attracted to TP, although there was a 2½ for 1 stock split July 1, 1957. Here is a growth company operating in a favorable area, and preferring to reduce debt and to plow back earnings at this stage, rather than to pay cash dividends. (Incidentally, Western Union Telegraph Company owns about 14% of outstanding common.)

For 1959 the outlook here is for a quite substantial increase in sales, and it should be possible to convert a larger percentage of this gross earning power into net for this year. In some ways Tele Prompter, at this stage, has some resemblance to Columbia Broadcasting Co., 23 years ago. A lively and dedicated management, a television market capable of great expansion, and technical competence which has already been substantially demonstrated. How long it will take to convert this dynamic enterprise into a real money-maker no one can predict with certainty. But TP has the same elements that have created corporate success in the past, and have already produced very substantial year-to-year increases in sales. TP is the sort of stock that appeals to speculators with imagination; and in a market milieu currently so favorable to electronic issues, considerable activity in TP may be expected. If Tele Prompter takes its market cue from such as I T & T, or Texas Instruments it could be an animate performer!

With Elkins, Morris

PHILADELPHIA, Pa. — Elkins, Morris, Stokes & Co., Land Title Building, members of the New York Stock Exchange and other leading exchanges, announce that David S. Schaff, Jr. has become associated with them as a registered representative.

Mr. Schaff has been active in the investment securities business in Philadelphia since 1945.

McDonnell, Schroeder Elected Officers

CHICAGO, Ill. — McDonnell & Co., members of the New York Stock Exchange, announced that Morgan F. McDonnell and Paul Schroeder have been appointed Assistant Vice-Presidents and will continue in the firm's Chicago office, 208 South La Salle Street.

Adams & Peck 35th Anniversary

Adams & Peck, 120 Broadway, New York City, members of the New York Stock Exchange, is this year celebrating the 35th anniversary of its establishment in 1924.

Family, Ind. & College

SYRACUSE, N. Y. — Family, Industry & College Planning Co., Inc., has been formed with offices at 753 James Street to engage in a securities business. Officers are William Margeson, President and Treasurer; Dan Beckner, Vice-President; Edward T. Barker, Secretary. Mr. Margeson and Mr. Beckner were formerly with Knickerbocker Shares, Inc.

The Business Outlook

By WALTER E. HOADLEY, JR.*
Treasurer, Armstrong Cork Co., Lancaster, Pa.

Industrial economist declares opportunities forecast for the 1960's are within our grasp so long as we can overcome four potential problems. These roadblocks, which he believes can be successfully met, are inflation, fairly severe business cycle downturn in the 1960's, our world trade position, and productive absorption of growing labor force. Commenting on the near term building industry outlook, the economist predicts at lease another 1,200,000 housing starts. Other observations made are: considerably improved consumer spending mood for housing and improvements, continued availability of mortgage money at competitive market rates which, however, will not remain the case unless Congress removes interest rate ceiling on government insured and guaranteed mortgages, and helpful boost home modernization will provide the building industry.

I am convinced that we can be optimistic and plan confidently on further growth during the months ahead. A year ago, business generally and the building industry specifically were at a relatively low point. Today a great deal of recovery from the recession has taken place. In dollar terms it can be said that the recession ended about the turn of the year.

W. E. Hoadley, Jr.

The vigor of the snapback in business from the low point last summer was surprisingly strong. Few people will deny, however, that the recession was real — actually the worst in 20 years. Production in almost all industries declined sharply, profits experienced the most precipitous setback in more than two decades, and unemployment rose to new postwar heights. In physical output terms the recent recession only now seems to be nearing an end. Manufacturing employment still lags well below earlier levels and there is little evidence of recovery from the substantial drop in outlays for new plant and equipment. In short, not all of the scars of the recession have disappeared.

The interim period conditions of slow growth which we discussed last year are still with us. The rate of economic recovery has seemed to slow recently and there is some concern about the rate of further expansion over the remainder of 1959. In my judgment, the economy will follow a gradual upward course all year, interrupted chiefly by whatever major work stoppages (e.g., steel) actually occur. Looking ahead to the end of 1959, the total volume of business will be up another 3-5% from the present level.

The building industry as a whole had another record year in 1958, at least in dollar terms. After a slow start many types of building construction picked up momentum and have moved ahead rapidly in recent months. When home building declined in February last year below the "politically acceptable" minimum annual rate of one million starts, Congress rushed substantial sums into the mortgage market—with significant results for the building industry as well as the Federal deficit. Housing activity in 1958 reached a level close to 1,200,000 units. Once again we've learned not to minimize the political influence on this industry and the specific impact of congressional action which was greater last year than most people expected.

Encouraged About Building Prospects

It's important to recognize that the homebuilding industry in 1958 forged ahead at a time when consumer interest in many other items, especially automobiles, had weakened noticeably. For the first time in several years the public showed greater interest in housing. The big question now is whether building can hold and strengthen its stronger competitive position in the total family expenditure market over the year ahead. Very recent surveys made in all sections of the country are quite encouraging. The typical consumer now appears to be in a much better mood to spend more on housing and home repairs than for several years. Obviously, we must capitalize promptly and fully upon this opportunity for greater sales and profits while such a favorable consumer buying mood prevails. The year 1959 therefore, becomes one to make **"Housing and Home Improvement Hay."**

Looking more specifically to 1959, the most commonly accepted view has been that the volume of new housing will be essentially the same as last year. However, greater optimism, especially among larger builders, has become evident in recent weeks. It should be noted that the year 1958 started slowly and ended with considerable vigor. The year 1959 has gotten off to a much stronger start and the housing outlook now is more for stability at a good volume during the remainder of the year than for marked expansion. The actual course of housing developments once again will depend heavily upon the nature and timing of government action, especially through further housing legislation. Informed judgment suggests that a housing bill which can pass Congress and be signed by the President in the near future could contribute as many as 50,000 additional new housing units, which otherwise can not be foreseen in the 1959 volume.

Mortgage money is still generally available and rates are sufficiently attractive to make mortgages reasonably competitive in the nation's money markets. Increasing demands for funds by businesses as well as government toward the end of 1959 and in 1960, however, will make mortgages less interesting to investors. Removal of the artificial interest rate restrictions on government insured and guaranteed mortgages by Congress could go a long way toward offsetting the other forces tending to make mortgages less attractive over the year ahead.

Predicts 1,200,000 Housing Starts

In summary, the year 1959 should see at least another 1,200,000 housing starts as currently estimated by official government statisticians.

The repair and modernization market still continues to lend major support to the building industry and to all of us who are so deeply involved in it. During the recession the fix-up market definitely contracted in the heavy industrial areas which were hit by sharply reduced production and persistent unemployment. Elsewhere further "fix-up" gains were reported but the overall progress for the year was smaller than we had experienced for quite some time.

Since the first of this year reports from most sections of the country indicate definite strengthening in the repair and modernization market. This has been noted in your sales and, therefore, in ours as well.

During 1959 millions of youngsters will reach the point in their growth where family space problems will intensify greatly and often become acute. We can say with confidence, therefore, that the repair, modernization, and add-on market will offer its largest potential for us over the months just ahead. This applies both to the do-it-yourself market as well as the growing and important installed market.

The immediate outlook for industrial construction continues to be rather bleak. The mounting financial problems of state and local governments indicate some temporary hesitation or slow-up in the long sustained wave of school building. Commercial and recreational building will continue to be favorable but will vary widely by region and city. Migration to the suburbs persists but some slowing in the rate is evident. The movement of families to the Far West and the South and Southwest, however, continues unabated.

More Encouraging Than Last Year

In summary, the building industry faces a better year in 1959 than in 1958. Once again, we must look at specific building markets to find the greatest opportunities for expanded sales and profits. Since sellers of specialized building materials were among the first to emerge from the recent recession and subsequently have been enjoying relatively high levels of business, further sharp increases cannot be expected unless all-out sales and promotion efforts are made.

It's very clear that general business prospects and the building outlook are more encouraging than a year ago. Moreover, there is fairly general agreement on this point. Rather than dwell further on the short-term outlook I would now like to direct our attention to some problems which frankly give me much more concern, not only for the future of this business but for our national economy as well.

Opportunities and Roadblocks Ahead

It's hard to realize that we are less than nine months away from the decade of the 1960s. We've talked previously about the next 10 years as a period of enormous opportunity for profitable growth. We've described the period ahead as the "Golden Sixties" and others have labelled it in such terms as the "Fabulous Sixties" or the "Sizzling Sixties." Business expansion plans in recent years to a very large degree have been based heavily upon these prospects.

Continuation of recent growth trends alone, for example, would suggest an increase during 1960-69 in population of approximately 35 million or 20%; a rise in the total volume of U. S. business (at present prices) of $190 billion or 40%; expansion in personal income of $150 billion or also 40%; and a volume of new housing by the end of the decade some 40 to 50% above current levels.

These are indeed glowing prospects, especially when compared with the decade of the 1950s which generally speaking has been a very prosperous and growing era for this country.

Before we begin to declare dividends from the earnings of the "Golden Sixties," however, I believe we should consider four potential problems: (1) the role of the business cycle; (2) the international economic position of the United States; (3) the level of employment; and (4) the impact of inflation.

Downturn in "Golden Sixties"

What can we say about the business cycle in light of recent experience? The latest recession has reminded many individuals that the business cycle is not dead. Many executives now concede that it took a setback in business to make them more conscious of costs and efficiency. How well this business cycle lesson has been learned will make a tremendous difference to operating results over the years ahead.

The year 1960 now shapes up as still better than 1959, with heavy presidential election overtones. Business cycle time-table analysis raises the question of another recession in 1961-62 and again in the middle of the decade ahead. The recent tendency has been for recessions to be sharper and shorter. This does not rule out at least one fairly severe business setback in the 1960s, especially if the boom periods are not restrained.

The recent and current action of the stock market frankly makes me uneasy, not so much for the near-term future as a few years hence or whenever some development touches off an abrupt negative change in sentiment. I, for one, have not abandoned my respect for the power of the business cycle. We can meet it, as we did last year, provided we are not surprised by it.

Our World Trade Position

Our second longer-range problem for the future concerns the international economic position of the United States. With the activation of the Common Market in Europe in January, the United States gained one of its key international objectives, that is, greater economic unity and strength in Western Europe, but also lost some of its own dominance in world trade. The combined international trade volume of the Common Market countries is roughly equal to that of this country. Moreover, it is becoming increasingly apparent that foreign competition with U. S. goods is intensifying on both a quality and cost basis. Unless the productivity of American manufacturing increases at least as rapidly as in a number of expanding foreign industrial countries, notably Western Germany, Japan, and Russia, the world trade position of the United States can only suffer. I'm sure we can and will meet this foreign competitive challenge, but we won't do it by apathy or futile cries of indignation.

The third problem we face concerns the employment outlook. Most forecasts and plans for the decade of the 1960s have centered to date on the demand outlook, primarily because of the wave of new family formations soon to begin as the "war babies" reach maturity. Almost entirely overlooked is the very real problem of absorbing the enormous increase in supply of labor which necessarily accompanies these family formation projections. Unemployment is already causing concern because recovery from the recession has not been accompanied by a corresponding increase in employment.

The widely accepted view is that the labor force can be considered fully employed with 4% out of work, reflecting persons between jobs, technically displaced individuals, and marginal workers. Unemployment is now roughly 6% of the labor force. To hold unemployment to 4% of the labor force in the mid-1960s will require the addition of nearly 10 million more jobs. If sufficient jobs are not found through private initiative, the political and inflationary repercussions of government efforts to put the new labor force additions to work can be staggering. In short, when private business managements develop new, profitable growth markets and products—such as those we've been discussing here — they help create badly needed job opportunities. All of us have a broad responsibility as well as a personal stake in furthering the profitable growth of our businesses.

Problem of Inflation

Well, how about the fourth problem — inflation? In many respects we should all be thankful that the general public in this country is not really concerned about the problem of inflation. History books are filled with tragic accounts of populaces trying unsuccessfully to protect themselves against the ravages of rapidly rising prices and the corresponding losses of value and confidence in their money. Fortunately, no hint of such wild inflationary fears is now evident in this country. There are, of course, periodic outbursts of criticism by particular individuals or groups, against higher prices—to be paid—but an absence of complaints about higher prices including wages—to be received.

All in all, the attitude of the American public generally seems pretty well summed up in the commonly heard view—"If what we've had during the past 10 years

*An address by Mr. Hoadley before the 12th Annual Convention Wholesale Distributors of Armstrong Building Products, Lancaster, Pa., April 10, 1959.

has been inflation—then let's have more of it. We've never had it so good."

Need For More Education

I'm afraid it's going to take a lot of education and unfortunately much more first-hand experience with the ravages of inflation before the American public can be expected to take active interest in meeting this problem. Consequently, we must of necessity expect the leadership in the fight against inflation to come largely from business, education, and hopefully government as well.

Leaders in American business, including building, now give the impression that they don't like the inflationary trend but find it more annoying than dangerous. Much more significant, however, is the noticeable change not merely in their thinking but more and more in their actions because of expected further declines in the purchasing power of the dollar.

Only two or three years ago, business forecasting in this country for the 1960s was being made with the common assumption that the price level would advance less than 1% per year. This figure—which measures the annual inroads from inflation — has now moved up to 1½% per year, and I've found several instances where a 2% or even higher figure is being used. A very recent poll of academic economists by the Congressional Joint Economic Committee reveals that only 10% of those responding considered a satisfactory high degree of price stability to mean an advance of under 1% per year. More than half defined satisfactory price stability in terms of annual price increases of 2 to 3%, and the remainder—nearly 20%—believed yearly price increments of from 4 to 10% were quite acceptable.

For perspective, let's not forget that a price advance of 2% per year compounded means a doubling of the price level in 36 years, at 3% per year doubling in 23.5 years, and at 5% per year doubling in 13 years. Especially because of the sharp graduation in the personal income tax, to escape the confiscatory penalties of such inflation requires increases in income at rates substantially larger than price advances. While some individuals may achieve such gains, growing numbers of others inevitably will fall behind. The result is gradual economic distress, social and political unrest, and destruction of incentive—the most dynamic element in our economy.

During the past year, a profound change also seems to have taken place in the attitude toward inflation of many, if not most, professional investors and others concerned with investing substantial funds. While many reasons are cited for the broad shift into common stocks and away from bonds and other fixed income securities, it is apparent that growing fear of more inflation has gone beyond the talking stage.

In my judgment the interest rate cost of long-term debt may well have increased permanently now to include some return for protection against inflation as well as for payment for the risk of the funds involved. As a guess, I would say the cost of inflation thus far is reflected to the extent of a ½% rise in the interest rate charged on long-term money. The impact on financing for the building industry and hence for material sales can only be harmful.

Reflections on National Economic Policy

By PAUL W. McCRACKEN*
The University of Michigan
Former Member, Council of Economic Advisers

In reflecting upon the ineluctably harmful course ascribed to price inflation from his recent vantage point of the Council of Economic Advisers, Dr. McCracken proposes certain steps to assist the public policy task of strengthening the economy's resistance to inflation. Now back in the academic world, the economist reviews the usual explanations for a rising price level; abjures any public policy willing to settle for slow annual price level advance; and endorses the increasing, systematic studies of economics of growth and price inflation.

I
Better Growth Studies

In recent years Americans have been giving increased attention to the problems of achieving a vigorous and sustainable rate of economic growth. This is all to the good. During much of the postwar period "growth economics" was little more than geometry, consisting as it did of fairly mechanically extrapolated estimates of national output for some target year on the assumption that the size of the labor force and productivity would perform according to historically derived patterns.

Dr. P. W. McCracken

More recently, however, we have been more systematically getting down to the *economics* of growth, endeavoring to find solutions to problems that must be solved if we are to realize the future joys of that greatly enlarged output of goods and services. And we have become increasingly aware of the possibility that movements in the general price level and what we try to do about them, may have something to do with how well we can achieve an orderly and sustainable rate of economic progress in the future.

We are not, of course, agreed about just what the nature of the relationship is between what might be called our price level policies and policies to encourage an expanding economy. There seem to be about four discernible schools of thought on this matter. First, there is the view that a rising price level is not now a problem. The nation should, therefore, now turn its full attention to monetary, fiscal, and other policies designed to accelerate the demand for output. This view is a responsible guide to policy only if it means that for a considerable period in the future we can be confident that the price level will remain quite stable. Otherwise, since the gestation period for price-making forces tends to be fairly long, we have no alternative but to be concerned with what the forces now developing mean for the price level in the period ahead.

Second, there is the view that increased public expenditures, easier money, lower tax rates, and other related measures would actually relieve pressures on our prices by stimulating output and spreading fixed costs. I do not propose to examine this in detail because the record does not suggest that the real world gives us a declining price level when it is under pressure of heavy demands. If we were now to step up public outlays significantly, reduce taxes, and pursue an easier money policy, would the price indexes by, say, year-end 1960 be lower than would otherwise be the case? Historical experience suggests that it would be quite irresponsible to answer this in the affirmative, however nice it would be thus to have our cake and eat it too.

Third, there is the view that a vigorously expanding economy and a reasonably full utilization of our productive resources cannot be achieved without also producing a rising price level. We must, therefore, be prepared to accept a persistent upward drift in the price level as one of the costs of full employment and economic progress, hoping to confine the price rise to a relatively moderate rate of perhaps 2% or 3% per year. Those who have developed this line of inquiry are doing the nation a service. If a stable price level is not compatible with a rapidly growing economy, what then? This is very much a real-world question, and there is nothing to be gained by pretending that it does not exist.

Fourth, there is the view that for the longer run a reasonably stable price level and vigorous economic growth are not competitive economic goals but complementary. A reasonably stable price level is, in short, an indispensable condition for achieving more vigorous, orderly, and sustained expension through the years ahead. Those who hold this view would, of course, think in terms of a reasonably stable price level. In a free economy the continuing changes in individual prices can never be expected to cancel out exactly, leaving measures of the general price level precisely undisturbed. On the other hand, they would regard acceptance of persistent, creeping inflation as more apt to weaken rather than to strengthen the capacity of the economy for sustained and vigorous progress over the long run.

As often happens this lively debate has sometimes seemed to take on the characteristics of a theological controversy. It is, I think, important that we begin trying to identify for ourselves just what the relevent questions are in this matter and what the nature of the evidence bearing on these questions is. At least then we shall be closer to agreeing on what we disagree about. I am under no illusions about the possibility of doing up this job in one short paper, but it may be possible to make at least a beginning. And it is important to begin in order that we can get on more promptly with the job of encouraging the economy to make its full contribution to our well-being.

II
Base for Stable Prices

Do we now have the basis for a reasonably stable price level? This clearly is the first question to raise. There is, I think, a fairly wide measure of agreement that we do not, though less agreement on the sources of our current problem. For some the problem continues to be one primarily of reluctance to pursue appropriate monetary, credit, and fiscal policies. The pages of history are replete with cases of inflations associated with bad budget and monetary policy. Moreover, it is undeniable that the large size of the current budget deficit, and the criticism during 1957 in the Congress and elsewhere about the excessive size of Federal spending, have caused many people to become uneasy about the budget situation and outlook.

Nevertheless, I do not believe that the fiscal operations of the Government have played a major role in the price level during the last three years. (Whether for other reasons there should have been more or less spending and taxes is another matter.) During this period the budget has had a surplus, except for the recent recession-induced deficit when the problem clearly was not excessive public and private demand for output. Moreover, the expenditures of the Federal government this year will be smaller, relative to the size of the economy, than in 1954, the calendar year of the smallest amount of Federal spending since the Korean conflict. The economy, in short, has grown more rapidly during these years than has the volume of Federal spending. In that very important sense we have gained ground on the problem of controlling Federal spending.

A second explanation of the rising price trend since 1955 runs in terms of the pricing practices of businesses who make conscious decisions about their prices. Businesses have, it is argued, reached too hungrily for profits in making their pricing decisions, with the result that the price level generally has been pushed upward. Now I do not believe that our economy works best with aggressive and dynamic pricing. Last May the President spoke some words to a business audience that are worth pondering today:

"No feature of America's economic life has been more at the heart of our rapidly rising and widely shared levels of living than the daring of this nation's businesses in pricing for volume and taking their chances on profits. It is no accident that this policy has characterized our most profitable industries. If we are to maintain the vigor and vitality of our free economy, this drive for the widest possible markets must continue. A price policy designed to bring increasing volume should be nothing short of an article of faith for every business man."

But the evidence does not suggest that "excessive" profits generally have played a very large role in the rise in the price level that began in 1955. The fact is that corporate profits per unit of output were lower in 1956 than in 1955, and lower in 1957 than in 1956. We would, I think, be less than candid with ourselves if we were to aproach this problem on the assumption that pricing practices of businesses constitute the major general source of the problem of inflation.

A third source of the price-level problem is rising costs. Clearly these have played an important role in the rise in the price level since 1955. These rising costs were of many types. In mid-1955 prices of industrial materials at wholesale began a very sharp rise, confronting their users with substantially higher costs. By 1958 depreciation charges (which account for somewhat less than one-tenth of total costs) were almost one-fourth higher than in 1955,

Continued on page 54

*An address by Dr. McCracken before the 6th Annual Midwest Conference on Forecasting, Chicago, Ill., March 26, 1959.

Hooker & Fay to Admit

SAN FRANCISCO, Calif.—Clarence S. Postley on May 1st will become a limited partner in Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Record Chemical Capital Expenditure Outlays In 1958 to Level Off in 1959-60

Having reached a record high of $1.775 billion in 1958, chemical industry's plant-equipment plans for 1959-60 are expected to amount to $1.5 billion, according to Association President John E. Hull. This is about $1 billion less than the $2.5 billion listed in last year's survey results for the same categories. Preliminary returns forecast 1959 sales of $23 billion which is but .7% less than record high for 1957. The industry is found to still lead and will continue to try to lead the country in privately financed expenditures on basic research, and the present "rounding out" phase is held to be no harbinger of future expansionary growth.

Privately - financed chemical production facilities costing a record total of $1.775 billion were completed in the United States during 1958, according to a recent survey by the Manufacturing Chemists' Association.

General J. E. Hull

The previous one-year high of $1.3 billion for completed construction was established in 1957.

The MCA, in releasing results of its annual construction survey, announced that an additional $1.054 billion will be spent for projects now underway and $464.090 million for projects scheduled for ground-breaking in the near future and completion before 1961. This brings total chemical plant construction to an estimated $3.293 billion for the three-year survey period, 1958-60.

The combined three-year expenditure represents a total of 802 projects by 287 companies in 432 communities of 43 states.

Near Future Decline Depicted

The $1.518 billion total for the survey categories of Under Construction and Planned (1959-60) Construction is more than $1 billion under the $2.54 billion listed for the same categories in last year's survey results.

This decrease has been ascribed in part to construction cutbacks made during the recession months of mid-1958. By the end of the year, however, the industry's construction program had begun to accelerate.

The record posted for completed construction last year includes 498 projects carried out by 251 producers in 303 communities in 43 states.

The 216 projects already begun by 98 companies are in 142 communities of 33 states. The planned construction by 58 firms of 88 additional projects—scheduled also for completion by the end of 1960—will be in 73 communities of 25 states.

The MCA survey is based on activity within the chemical industry itself and on the chemical operations of firms, such as the oil and rubber companies, primarily associated and identified with other industries.

The costs of foreign construction, government - financed construction, office, warehouse and other separate service facilities are excluded from the survey, as are the installation of modification of equipment in existing facilities.

Reflects Leveling-Off

In addition to the cutbacks caused by the recession, the billion-dollar drop from the previous survey total for Planned Construction and Under Construction is said to reflect a general leveling-off of the chemical industry's requirements for new facilities.

This "leveling-off" is not considered alarming throughout the industry, however, because long-term goals — established after World War II to meet the demands of a projected population increase and a rising economy—are being realized to a large extent.

The chemical industry, for example, has invested more than $1 billion in new plant and equipment for eight consecutive years and the average annual investment for the past 13 years has been more than $1 billion.

Most industry leaders, according to the MCA, expect that new product demand resulting from recent technological and sociological trends will result in continued steady expansion of chemical-producing facilities.

Texas Leads

Texas with $662.323 million again has the highest total figure for the three survey divisions of Planned Construction, Under Construction and Completed (1958) Construction.

Louisiana repeats in second place with $473.2 million, and in number three position is California with $144.710 million. Others in the top 10 are Tennessee, $142.576 million; West Virginia, $136.650 million; Ohio, $134.9 million; Pennsylvania, $127.190 million; New Jersey, $117.114 million; Illinois, $114.850 million and Florida $113.625 million.

Ranking 11 through 30 are Virginia, North Carolina, Kentucky, Michigan, New York, Indiana, Kansas, Oklahoma, Georgia, Maryland, New Mexico, Alabama, Mississippi, Massachusetts, Delaware, Washington, Connecticut, Missouri, Idaho and Wyoming.

The top 10 chemical-producing states, ranked according to value added by manufacture, are New Jersey, Texas, New York, Illinois, Pennsylvania, Ohio, Michigan, California, Tennessee and Virginia.

According to the MCA, considerations inherent in the location of chemical - producing facilities follow the pattern of most other industries — proximity to prime markets and transportation, and the availability of raw materials and an adequate work force.

Regional Breakdown

The West South Central States—Arkansas, Louisiana, Oklahoma and Texas — again lead in total construction by region for the three-year survey period, with a collective figure of $1.189 billion.

Other regions, too, duplicate their order of last year. Second are the South Atlantic States—Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia—with $526.350 million. The East North Central States — Illinois, Indiana, Michigan, Ohio and Wisconsin—are third with a total of $384.825 million.

Following these are, by rank, the Middle Atlantic, East South Central, Pacific, Mountain, West North Central and New England States.

Construction not listed for specific areas accounts for an estimated total of $188.750 million.

In the classification by product category, the estimated 1958-60 total investment in new production facilities for general organic chemicals tops the list at $801.433 million.

General inorganics are in second place with $597.210 million, followed by plastics and resins, $392.745 million; synthetic fibers, $254.2 million; petrochemicals, $239.750 million; metals, $174.757 million; chemical fertilizers, $115.775 million; synthetic rubber, $53.523 million, and laboratories, $157.170 million.

A "miscellaneous" group accounts for $307.215 million.

The fibers category includes only those produced by chemical synthesis. Chemical products produced from petroleum and natural gas form the petrochemicals group, and the miscellaneous listing includes confidential data and construction difficult to classify more specifically.

Metals Grouping

The metals grouping is based on new production facilities for ferroalloys and other special metals refined or modified by chemical processing. This category includes alumina (correct), beryllium, boron, mercury, niobium (columbium), tantalum, titanium, uranium, vanadium and zirconium, and the ferroalloys of chromium, manganese and silicons. Examples of metals excluded from this grouping are copper, iron, lead and zinc.

The $157.170 million earmarked for new laboratories contains a substantial increase, despite the recession, over the $107.2 million laboratory expenditure listed in the survey last year. The 1958-60 figure includes $27.425 million for planned construction; $59.6 million for under construction, and $70.145 million for completed construction.

It is generally agreed, the MCA pointed out, that future chemical industry growth will be predicated to a large degree on results of its research. The industry long has maintained the number one position in expenditures for privately-financed basic research and its 1958 budget of $542 million for all privately-financed research—basic and applied—led all other industries in that category, too.

Early in 1957 chemicals and allied products, as they are listed in Federal reports, edged into third place for total assets. Recently, however, iron, steel and non-ferrous metals were formed into a new combined grouping that pushed chemicals and allied products back into fourth place with total assets of $20.4 billion as of the third quarter of 1958.

Preliminary Sales Forecast

Preliminary returns indicate that the chemical industry's 1959 sales will total $23.247 billion, which would be only 0.7% under the record established in 1957. The industry at present ranks fifth in sales.

The 86-year-old Manfacturing Chemists' Association, oldest and largest industry group in its field, represents more than 90% of the chemical industry's productive capacity in the U. S.

The Association's annual construction tabulations generally are considered definitive because they include the chemical process activities of all firms, regardless of their primary endeavor, from which data are obtainable. Some of the chemical-producing facilities included in the survey are being financed by non-MCA-member companies.

Gen. John E. Hull, USA (Ret.), is the full-time President of the Association. In announcing the survey results, the former U. S. and UN Commander in the Far East issued this statement:

"This latest MCA survey in many ways is as encouraging as the results of our previous surveys.

"Although the totals for the 1959-60 Planned and Under Construction categories fall appreciably below those for a similar period in last year's survey, I believe close examination of the industry's recent history and trends will show that these statistics are not necessarily incompatible with our overall pattern of continued progress.

"Capital expenditures were conditioned by the economic recession that enveloped the nation early in 1958, although the chemical industry's health and diversification is such that it felt this shock possibly less than any other major manufacturing group.

"But of even more significance than the recession, perhaps, is the fact that the chemical industry, because of its unparalleled rate of privately-financed expansion, now is realizing the culmination of goals established in the late 1940s and early 1950s.

No Static Growth Implication

"This, then, could signify the 'rounding out' of one phase or era of chemical industry expansion. This of course does not imply that further physical growth is precluded, that the industry's facilities will remain static.

Laboratory Expenditures Detailed

The nation's chemical producers, long the collective leader in privately-financed research expenditures, will spend at least $87.025 million to construct new laboratories in 1959 and 1960.

According to results of the annual construction survey conducted by the Manufacturing Chemists' Association, this figure includes an estimated $59.6 million for projects underway and $27.425 million for additional facilities planned for ground-breaking in the near future.

In addition to this outlay, chemical research labs costing approximately $70.145 million were completed in 1958.

This brings the total expenditures for chemistry laboratories to $157.170 million for the three-year survey period, 1958-60. The MCA emphasized that a large part of this construction was planned or carried out in the face of the recession, and that the present figure is about $50 million more than the total cost of similar construction listed in the survey a year ago.

The Association has reported that the chemical industry's total budget, including operating costs for basic and applied research rose about 6% in 1958 — again despite the recession—to an estimated $560 million. This includes government - financed research. The industry's privately-financed research budget of $543 million is the highest in the nation, however.

Some manufacturing groups — the aircraft industry, for example—spend more money on research, but the major share of their budgets are financed by government funds.

The chemical industry's expenditures for basic research alone—the "pure" research conducted with no immediate commercial objective in mind — represent about 10% of the industry's overall research budget. The National Science Foundation has reported that the chemical industry's basic research program accounts for about 25% of the cost of all basic research financed by all U. S. industry.

This continued investment of millions in research facilities and programs, according to the MCA, establishes the fact that the chemical industry possibly is more dependent on research than any other major manufacturing group.

In announcing the survey results, Gen. John E. Hull, USA (Ret.), the Association's full-time president, said in part:

". . . Many indications point to the beginning of what might be termed a new cycle of (chemical industry) expansion; one geared to the swiftly-changing industrial and defense demands in this still-new Age of Technology and to consumer markets that are rapidly increasing in size and number.

". . . The chemical industry's advance will be predicated more than ever before on research—the introduction of new products and processes and the modification and improvement of existing ones. Fortunately, the industry has no peers in the utilization of research and in its willingness to invest its own money in its own future.

"This would indicate to me that the chemical industry is geared to the future, as evidenced by its increased budget for new laboratories shown in this survey, even in the face of the recession."

Many industry leaders anticipate accelerated chemical research on plastics, fuels and propellents, man-made fibers, drugs and pharmaceuticals. Greatly increased activity is expected in the development of preparations for treating mental, cancer and geriatric patients, among others.

TABLE I

MCA Chemical Industry 1958 Construction Survey by Regions

(Dollar Value by thousands)

Regions (By Rank)	Planned	Under Construction	Completed	Total
West South Central: Ark., La., Okla., Texas (156 projects, 57 communities)	$113,150	$159,250	$616,843	$1,189,243
South Atlantic: Del., Md., Va., W. Va., N. C., S. C., Ga., Fla., (100 projects, 60 communities)	85,300	115,250	325,300	525,950
East North Central: Ohio, Ind., Ill., Mich., Wisc. (126 projects, 73 communities)	19,825	158,175	206,825	384,825
Middle Atlantic: N. Y., N. J., Pa. (154 projects, 79 communities)	44,330	89,294	176,184	309,808
East South Central: Ky., Tenn., Ala., Miss. (64 projects 34 communities)	44,075	108,426	136,820	289,321
Pacific: Wash., Ore., Calif. (80 projects, 50 communities)	44,400	18,570	109,860	172,830
Mountain: Mont., Idaho, Wyo., Colo., N. M., Ariz., Utah, Nev. (25 projects 27 communities)	8,750	21,000	82,150	111,900
West North Central: Minn., Iowa, Mo., N. D., S. D., Neb., Kan. (25 projects, 16 communities)	----	8,650	62,900	71,550
New England: Maine, N. H., Vt., Mass., R. I., Conn. (34 projects, 21 communities)	610	7,750	41,341	49,701
Location Unspecified (28 projects)	103,650	67,800	17,300	188,750
Totals	$464,090	$1,054,165	$1,775,523	$3,293,778

TABLE II

MCA Chemcial-Industry 1958 Construction Survey by Category

(By Thousands)

Category	Planned	Under Construction	Completed	Total
Fertilizer chemicals	$41,000	$22,200	$52,575	$115,775
Inorganic chemicals (general)	40,800	327,640	428,770	797,210
Laboratories	27,425	59,600	70,145	157,170
Metals	18,100	15,450	141,207	174,757
Organic chemicals (general)	152,940	246,730	401,763	801,433
Petrochemicals	22,000	53,050	164,700	239,750
Plastics and resins	54,700	173,850	164,195	392,745
Synthetic rubber	------	29,000	24,523	53,523
Synthetic fibers	59,500	54,400	140,300	254,200
Miscellaneous	47,625	72,245	187,345	307,215
Totals	$464,090	$1,054,165	$1,775,523	$3,293,778

Current S.E.C. Legislative And Related Problems

By EDWARD N. GADSBY*
Chairman, Securities and Exchange Commission
Washington, D. C.

SEC head outlines pending legislative proposals, and related problems, involving the nation's securities laws. Moreover, he announces that the SEC will not re-submit last year's Fulbright Bill to Congress which would have subjected unlisted firms beyond a certain size to disclosure requirements. The current developments discussed, introduced this year as H. R. Nos. 5001, 2480, 5002, 2481 and 2482 and, in the upper house, as S.1178 through 1182, deal with the SEC Act of 1933, including Rule 133; SEC Act of 1934; Investment Company Act; and the Investment Advisers Act of 1940. The intent is said to tighten jurisdictional provisions, correct specified inadequacies, facilitate criminal prosecution and other enforcement activities. Mr. Gadsby abhors present investment adviser regulations; hopes Rule 133 concept of "a sale" and "statutory underwriter" will be clarified; and asks forebearance because of deluge of recent filings.

Just about a year ago I described briefly the adoption by the Securities and Exchange Commission of certain rules and amendments[1] and gave some passing attention to Rule 133, proposed amendments to which had at that time been withdrawn from official consideration by the Commission and were under study by the staff. I then directed my principal attention to the Fulbright Bill, which in general would have imposed upon every unlisted company having $10,000,000 of assets and over 1,000 stockholders, approximately the same disclosure requirements as are now imposed upon a company listed on a national securities exchange.


Edward N. Gadsby

The Fulbright Bill has not as yet been reintroduced in this Congress. Whether this situation will continue, I do not know. There is no visible inclination on the part of the Commission itself to submit this legislation for introduction, though, as I said last year, it is convinced that fair and effective control of the securities market and adequate protection to the investing public can be achieved in no other way. There are various reasons for this attitude, not the least of which is a reluctance to recommend legislation which, to stand much chance of passage, would doubtless be essentially emasculated by meaningless exemptions.

[Here are] . . . some recent developments in what might be called administrative legislation, particularly as to Rule 133, to which amendments have again been proposed and on which comments have been received from interested persons, and also about the somewhat related field of our legislative activities in the first session of the 86th Congress.

Turning first to the latter subject, let me remind you that the Commission is specifically required by statute to make such legislative recommendations to the Congress as it may from time to time deem desirable in the public interest. Pursuant to this mandate, the Securities and Exchange Commission in the summer of 1957 submitted to Congress certain proposals to amend an aggregate of 87 subsections of five of the six statutes which we administer.[2] For various reasons, when Congress adjourned in August, 1958, no action had been taken upon the bills embodying these proposals. During the intersession period, the Commission has reexamined and reappraised these legislative suggestions in the light of its further experience. Accordingly, in January we submitted revised recommendations to the Congress, which were duly referred to the Senate Committee on Banking and Currency and the House Committee on Interstate and Foreign Commerce, which groups are respectively charged with the duty of exercising watchfulness over the administration of the Federal securities laws. These recommendations, which would amend an aggregate of 88 subsections of all the statutes we administer except the Public Utility Holding Company Act, were introduced in January and February of this year in the House of Representatives by Representative Oren Harris, Chairman of the House Committee as H. R. Nos. 5001, 2480, 5002, 2481 and 2482. Companion bills embodying the same proposals were introduced in the Senate in February, 1959 by Senator A. Willis Robertson, Chairman of the Senate Committee, as Senate Bills 1178 to 1182, inclusive. The overall purpose of these recommendations is to strengthen the safeguards and protections afforded the public by tightening the jurisdictional provisions of the statutes, correcting certain inadequacies, and facilitating criminal prosecutions and other enforcement activities. We are hopeful that hearings on these bills will be scheduled in the very near future. In the meantime, we are engaged in attempting to delineate any areas of conflict with the industry so as to simplify our presentation at the hearings.

A complete analysis of all of these proposals would carry this paper to inordinate lengths. . . . I would, however, like to go over some of what I conceive to be the more significant changes we propose. . . .

Reviews Proposed Changes in 1933 Act

First let me take up the Securities Act of 1933. One of our proposals would increase from $300,000 to $500,000 the size of offerings which may be exempted from registration by the Commission pursuant to Section 3(b), under which our Regulation A was adopted. We believe that this change is necessary under present day conditions in order to facilitate access to the public capital markets by small and medium-sized businesses. At the same time, we propose to amend Section 12 to add a new subsection which would impose civil liability upon those persons who may be responsible for untrue statements of, or omissions to state, material facts in any document filed with the Commission in connection with offerings exempt under Section 3(b) or Section 3(c).

Section 11 of the Act now provides for civil liability in the event of material misstatements or omissions in a registration statement, and Section 12(2) contains civil liability provisions applicable to the fraudulent sale of securities generally, regardless of whether they are registered. Section 12(2) provides that "any person who . . . offers or sells" a security by false and misleading statements is liable "to the person purchasing such security from him." However, under this provision, where, as very often happens, an issuer sells to a dealer and the dealer in turn sells to an investor, there is doubt whether the investor can go beyond his immediate seller (the dealer) and recover from the issuer, who may be the person actually guilty of uttering the misleading information.

On the one hand there should be no defense of lack of knowledge of any untruth or omission by the issuer in a document filed with the Commission. On the other hand, it does not seem reasonable to impose liability for misleading statements or omissions in an exempt offering upon an officer, director or other individual associated with the offering who can sustain the burden of proof that he acted in good faith and did not know of the untruth or omission. Thus we propose that those individuals would be liable only for actual misconduct or bad faith, whereas the issuing corporation would be absolutely liable. We think that enactment of this proposal would furnish investors with the additional protection which seems to be required in Section 3(b) exempt offerings.

Would Include Exempt Offerings

In this same general connection, we propose to amend Section 24 to extend criminal liability for documents filed with the Commission to cover exempt offerings made pursuant to Section 3(b) or 3(c) and even further. This Section now makes it a criminal offense for any person wilfully to falsify a registration statement filed under the Act. The Commission now suggests that this section apply not only to a registration statement, but to any application, report or other document filed under the Act.

A further amendment of Section 12 is in our program, inserted in order to resolve a troublesome question which has arisen concerning the jurisdictional basis of the civil liabilities provisions of this section. It has been held in some jurisdictions that in order for such liability to attach, the mails or interstate facilities must be used in making the misrepresentation. Other courts have, we think more properly, held that the use of mails or interstate facilities in any part of the transactions is sufficient to create liability. We propose that the jurisdictional language be separately stated so as to make it clear that the section would be applicable if there has been any use of the mails or interstate facilities in connection with the transaction, thus conforming the jurisdictional requirements to those contained in Section 17(a), the anti-fraud provision of the statute of which Section 12(2) is essentially a counterpart.

Section 20(b) of the Securities Act now provides in short that the Commission may obtain an injunction when it appears that any person is engaged or about to engage in any acts or practices which constitute, or will constitute, a violation of the Act or any rule or regulation thereunder. The legislative program recommends amendments to this section which would authorize injunctions on a showing that a defendant "has engaged" in acts constituting a violation, instead of making us show that the defendant "is" so engaged. While past violations are considered a sufficient basis for an injunction by many courts, on the ground that they indicate the possibility of future violation, there have been some dissidents, and it would materially assist the Commission in its enforcement activities if it were made very clear that Congress intends a past violation to form the basis for an injunction against future misconduct. In the last analysis, of course the issuance of the injunction would still be a matter within the discretion of the court.

Finally, a new section would be added which would specifically prohibit persons from doing acts indirectly which they may not do directly, and would make it specifically unlawful for any person to aid, abet or procure a violation by another.

Changes are proposed in the Trust Indenture Act essentially to conform certain provisions of that statute to certain of the recommendations made in connection with the Securities Act.

Proposals Covering 1934 Act

Amendments concerning injunctions, indirect acts, and aiders and abettors similar to those proposed to the Securities Act are proposed to the Securities Exchange Act of 1934.

In addition, we propose to add a new Section 35 to the latter Act which would prohibit the embezzlement of money or securities entrusted to the care of an exchange member or a registered broker or dealer. The Act now contains prohibitions against fraudulently obtaining customers' funds or securities, but does not contain an express provision against embezzling or converting. Inasmuch as the distinction between fraudulently obtaining customers' funds or securities and embezzling or converting them frequently depends upon the technical question of whether the defendant had a wrongful intent at the time he induced a customer to entrust securities to him or whether the idea of converting the securities first occurred to him after he got possession, the Commission has recommended provisions which would prohibit such actions in words which will leave no doubt as to their being a violation of the 1934 Act.

A further proposed amendment to this Act would clarify and strengthen the statutory provisions relating to market manipulation without altering their general purpose or effect. We have recommended changes in the wording of Section 9(a)(1) concerning prohibition of manipulation by the use of so-called matched orders in order to overcome the effect of an extremely restrictive judicial interpretation, which would greatly narrow its scope.

Our program also suggests the amendment of Section 15(b) of the '34 Act with respect to the bases on which registration of brokers and dealers may be denied or revoked, the sanctions which the Commission may impose, and the procedures involved in postponing the effectiveness of registration. Under these proposals, the grounds for a denial or revocation of a broker and dealer registration would be broadened to include conviction of any "financial type" crime. As presently limited, convictions justifying such action by us must arise out of securities transactions or from conducting a broker or dealer business.

Change Would Suspend Registration

The Commission has also proposed that it be given the power to suspend the registration of a broker-dealer when, in its view, the testimony does not warrant the extreme sanction of revocation. Under present law, curiously enough, we have power only to revoke registration with the SEC or to suspend or expel from membership in the NASD. There are situations which come before us where revocation is really not called for, but where mere suspension or even expulsion from membership in the Association would not afford an adequate sanction. In some instances, where the broker-dealer is not a member of the NASD, the only alternative is revocation of registration.

Continued on page 55

*An address by Mr. Gadsby before the American Society of Corporate Secretaries, New York City, April 16, 1959.

1 Rule 434A and Note to Rule 460.

2 Securities Act of 1933, Securities Exchange Act of 1934, Public Utility Holding Company Act of 1935, Trust Indenture Act of 1939, Investment Company Act of 1940 and Investment Advisers Act of 1940.

NSTA Notes

WASHINGTON, D. C., SECURITY DEALERS ASSOCIATION

At the annual supper meeting of the Washington, D. C., Security Dealers Association held on April 9 in the New York Room of the Statler Hotel, the following new officers were elected for the 1959-60 term: President, Raymond Jacobs, Kalb, Voorhis & Co.

Vice-President: George J. Mitchell, Jr., G. J. Mitchell, Jr. Co.

Secretary: Donald Joy, FIF Investing Associates Inc.

Treasurer: Willard Van Valkenburgh, Federal Investment Co.

Officers and executive members of 15 Washington brokerage firms were represented among the participants of the annual meeting.

Ray Jacobs

British Bullion Dealer Comments on Gold

Annual review of Samuel Montague & Co. calls attention to past year's increase in non-resident gold deposits said to be reminiscent of this type of business prior to 1939, and to the continued large scale minting of British gold sovereigns sold for export against dollars. Commenting on last year's gold price rise agitation, the Review admits there are other ways of stimulating an economy and increasing world's reserve liquidity without devaluation. Further, it contends that in the event of a U. S. gold embargo there would be a substantial rise in the price of gold abroad.

The *Annual Bullion Review* of 1958 issued by Samuel Montague & Co., Ltd., London, in February, 1959, discusses growing investments in gold, the not inconsequential matter of a higher U. S. A. price for gold, and the profitable sale of British gold sovereigns for dollars.

According to this well known firm of bankers and bullion merchants:

"Although the world's private hoarding demand again fell away last year (we estimate it at about 4,000,000 ounces of fresh production gold in 1958 against about 7,500,000 ounces in 1957), investment in gold by individuals, institutions, and even some foreign government bodies rose sharply. We estimate that these transactions increased from about 1,500,000 ounces in 1957 to about 8,000,000 ounces last year, mainly bought in Switzerland, London and Canada. A fresh factor in the postwar gold markets was thus seen in the appearance of a large demand for gold to be held by banks in these countries for the account of foreign customers. This type of business was quite usual in the London market prior to 1939 when very large gold depots were established in London by non-residents."

U. S. Gold Price

"This growing interest in gold was closely connected with the discussion which continued throughout most of the year about the possibility of a higher dollar price for gold. This talk was accompanied and stimulated by a continuous outflow of gold from the United States from February onwards. The causes for this outflow seemed to change during the year: at first Central Banks were prominent but later the outflow reflected the fall in American export earnings. In most discussions and publications two basic reasons were given why gold should be revalued in terms of the United States dollar. The first was related to the so-called world liquidity crisis and it was pointed out in some quarters that in the period during which the dollar price had remained unchanged at $35 per ounce world trade had expanded sharply. An increase in the price of gold, it was argued, would help to relieve the pressure on individual countries' gold reserves. The second reason put forward for changing the gold price was closely related to the business recession in the United States. It was urged, especially at the beginning of the year, that this revaluation would provide a sharp stimulus to the American economy. Both these arguments found little favor in the United States itself. There are many other ways of stimulating an economy and several alternative methods of increasing the world's reserve liquidity without changing the dollar price of gold.

"Whilst the pressure for a higher gold price on these two grounds will be stoutly resisted by the American authorities, that does not necessarily rule out the possibility that the dollar price of gold will be raised for external reasons. Although we do not foresee a loss of confidence in the dollar in foreign financial circles in the immediate future, one cannot exclude the possibility that a further decline in dollar holdings caused by the American Government's difficulties in handling their financial problems might well force the hands of the American authorities. The American gold stock stands at present at about $20,500m. of which some $11,900m. is needed as legal backing for the Federal Reserve Banks' note and deposit liabilities. But some $8,600m. of short-term dollar assets are held by foreign governments and Central Banks and if these were to be converted into gold, because of a loss of confidence in the dollar, the situation would begin to look quite different. Moreover, private firms and individuals abroad also have short-term dollar assets worth some $6,000m. (excluding several billion dollars' worth of marketable securities held by foreign investors), which could in certain circumstances be liquidated and the proceeds converted by Central Banks into gold. This is citing the extreme possibility but, if something like it happened, the further possibility of an embargo on gold sales (hinted at by Mr. George M. Humphrey, then Secretary of the Treasury, to the Senate Finance Committee last July) could hardly be overlooked. Such an action would certainly lead to an immediate and substantial rise in the dollar price of gold outside the United States.

Gold Coins

"Although after the postwar opening of the London Gold Market in 1954, London soon became again the leading center for international trading in Bar Gold, it had, until last year, handled but a very small proportion of the business in gold coin, for which the main market still remained in Switzerland.

"It became known late in 1957 that large-scale minting of sovereigns had been resumed by the Royal Mint and that these and older sovereigns would be offered for sale by the Bank of England. The last Annual Report of the Royal Mint stated that 2,072,000 sovereigns were minted in 1957, the largest number struck in a single year since 1925. We understand that this gold coinage was continued in 1958.

"Sales of sovereigns by the Bank of England to the London Market started in January, 1958, and a good turnover has been experienced throughout the year. The sovereigns, usually given out in mixed parcels of newly minted and older types, were sold for export only against payment in U. S. dollars. The bulk of the sales was to the Continent although there was a good demand from other areas, notably Canada.

"We append a table showing the premium ruling for sovereigns and foreign coins at various intervals throughout the year."

Premium of Gold Coins Over Their Gold Content

Expressed in per cent

1958	Jan. 2	Feb. 28	May 14	Aug. 29	Oct. 21	Dec. 31
Sovereign	16	11½	15½	18	13¼	15½
Napoleon	25	21¼	27	16	12½	11¾
$20 U. S. A.	15¼	13¾	18¼	11¼	8¼	8¾
Union Latine 20 frs.	15	11¾	16¼	9½	8	5½
20 Mark	42¾	47	47	35¼	36½	36½

World Gold Production

"Union Corporation Ltd., to whom we are indebted for the foregoing table, makes the following observations:

"'From information received to date it is estimated that in 1958 the world production of gold, excluding the U. S. S. R., was about 30,200,000 ounces fine, an increase of almost 3% on the previous year. The increase was again largely due to South Africa where output rose by 635,000 ounces—about 3¾%—and reached another record.'"

With Montgomery, Scott

PHILADELPHIA, Pa. — Montgomery, Scott & Co., members of the New York Stock Exchange and other leading Exchanges, announce that Russell D. Plass is now associated with them as a registered representative in their Philadelphia office, 123 South Broad Street.

Mr. Plass, who was formerly associated with Bache & Co., has been active in the investment securities business for a number of years.

D. H. Blair to Admit

Henry R. Nathan will be admitted to partnership in D. H. Blair & Company, 42 Broadway, New York City, members of the New York Stock Exchange, on May 1st.

Now Odess-Martin, Inc.

BIRMINGHAM, Ala.—The firm name of Odess, Martin & Herzberg, Inc., First National Building, has been changed to Odess-Martin, Inc.

THE MARKET . . . AND YOU

By WALLACE STREETE

The march of the industrial average to consecutive new, all-time highs continued into this week with the index attaining a lofty standing above 630, far ahead of the famous 386 peak recorded 30 years ago.

* * *

Quality issues took turns at leading the way uphill, some of the chemicals, the cameras, electronics and drugs all in the limelight on occasion with some of them given to leaping ahead wildly at times. For a $70 issue — L. S. Starrett — a 4-for-1 stock split and a five-cent dividend increase was worth nearly two dozen points in market appreciation as the big play around stock splits continued.

* * *

With the advance running into a string of sessions covering more than a week without a setback, the progress was getting harder steadily. In fact, two days to start off the week saw the average higher while more issues declined than advanced which, again, showed the prominent part being played by the blue chips in keeping the barometer titled upward. The newcomer to the list of wideswinging items in the quality last was Eastman Kodak which went in for one daily move of more than half a dozen points and which extended the range of the newly-split shares to more than a dozen points although the split was only effective April 14 and the new shares have only completed about a month of trading.

Fantastic Mover

The fantastic range for less than four months of the year is Zenith Radio which this week erupted out of the 100-point swing it had built up earlier between 178 and 278 to race past 300 at its peak. A new stock split has helped here following one a scant year ago. The new high contrasts oddly with the peak of around 150 reached by the old shares prior to last year's split. Issues that have quadrupled in so short a time aren't many.

* * *

Du Pont was a bit more restrained but also kept forging to new highs although here the peak still is short of being historic since this issue posted a price of nearly 250 in 1955 which hasn't been approached since, although the gap was whittled down to around a dozen points as the result of its continued good action in this week's early sessions.

* * *

Motors were in occasional demand without anything excessive about it. In the process, however, Ford finally equalled in listed trading the $64.50 price tag put on the shares when they were originally offered publicly early in 1956. The independents — American Motors and Studebaker — continued to show volume but indecisive price action.

* * *

Laggards were the same, old lineup—the oils and aircrafts. The rails, which had gone along with industrials for a bit, also tired and were given to dragging action this week.

* * *

There were also a few earnings reports that indicated some of the companies around have yet to participate fully in the business upturn as far as profits are concerned, notably Pfizer and Federal Paper Board which showed slight dips for the first quarter. It served mostly to make the market analysts review their projections for the entire year since managements of companies in this category were all optimistic. In Federal Paper the official prediction was that the pickup in business will boost it to the $4 per share profit eventually.

Activity in Telephone

The high activity set off in American Telephone issues by ratification of its first stock split continued although after carving out some wide gains both issues bumped into profit-taking, particularly the old and more vulnerable shares. They had, however, come within only a few points of the 274 peak recorded in 1930 but well under the 310 of 1929. The advance did serve to delineate sharply the pro and con schools over whether the issue was too high or not.

* * *

To the proponents who see AT&T with an earnings potential of $15, or $5 per share on the new stock, a ratio of 20-times earnings was considered appropriate without the issue showing any excessive action. To the anti school, the fact that the new dividend rate of $3.30 on the split shares brought the yield down to less than 4% was a sign of caution, particularly since AT&T was traditionally in the 5% or better yield class more times than not a few years back.

Steel Worries

The good earnings reports of the steel companies found little reflection in the market where the big worry is over excess inventories. In the event a steel strike is averted it will affect business in the last half of the year. Jones & Laughlin reported $1.97 for the first quarter against 17 cents a year ago. But analysts were quick to note that in 1956 the company also earned $1.97 in the first quarter, $2.50 in the second but then came the strike, and for the year the income was only $6.44 because of the strike losses. So either way the second half prospects were a wide open question for the steels.

* * *

The issue that seems out of style lately, after being in the limelight occasionally in previous years, is Bath Iron Works. Unlike many others, Bath Iron is a company that was able to show record postwar revenues for 1958 and hold its net profit within eight cents of the 1957 results. The stock can be volatile since there are less than 419,000 shares outstanding. But the issue has a modest price-earnings ratio, a seemingly secure $3 dividend and although its 1959 profit isn't expected to be startlingly different than the $5 of last year, it covers the dividend comfortably.

Split Interest Still High

Far more effort was being devoted to the candidates for stock splits, particularly since the big market play still persists in many issues where a splitup is already assured. On the basis of timing, the issues that haven't split their shares for some years and where the market price is par or better were popular with researches. The split already announced would indicate that this will be a record year for such activity.

* * *

Coca-Cola, which hasn't split in a quarter century, General Mills where the last splitup was more than a dozen years ago, and Hershey Chocolate where the last split is now 12 years old, were among the more prominent candidates from a timing standpoint.

* * *

American Standard was a new entry in the activity parade, largely because of selection of this issue by some of the services as an issue with a modest 10-times earnings ratio that could show a sharp improvement in earnings both because of the business recovery generally as well as the high rate of housing starts. It also has the additional benefit of a good participation in the growing foreign markets through subsidiaries.

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

Named Directors

Cardinal Instrumentation Corporation of Los Angeles, California, a West Coast manufacturer of transistor test equipment, transistorized power supplies, and temperature transducers, announced today the election of the following directors: Charles J. Armour, David M. Goodman, Rex J. L. Heymann (partner of Sutro & Co., investment bankers), Howard James, John Lishan, Samuel Pelman, Galen A. Skutt, Thomas P. Walker (Special Counsel of Litton Industries), and S. C. Ward, Jr. (the law firm of Walker, Wright, Tyler & Ward).

Form First N. Y. Inv.

First New York Investing Company, Inc. has been formed with offices at 180 Madison Avenue, New York City, to engage in a securities business. Officers are Eugene J. Hynes, President and Treasurer; Eugene J. Hynes, Jr., Assistant Treasurer; and Florence L. Menow, Secretary. Mr. Hynes, Sr. is an officer of Hynes Securities Corporation. Edward J. Hynes, Jr. was with Hemphill, Noyes & Co.

Sound Economics for Developed And Nonindustrialized Areas

By PER JACOBSSON*
Managing Director, International Monetary Fund
Washington, D. C.

Mr. Jacobsson analyzes the state of U.S.A. and the world economy, offers a prescription for prosperity, and deals with nonindustrialized countries' problems. The world's international banker favors bank credit expansion as a catalysis for anti-recession measures and insists, however, that authorities should clearly demonstrate no inflation will be allowed. Pleased with recent European developments and greatly improved international banking, which obviates Fund's automatic financing, he notes that the IMF for the first time can carry out its objectives. The author recommends underdeveloped areas pursue diversification, encourage saving and a sound currency.

When we look back upon the year that has passed we are all aware of continued, and even increased, tension in the field of politics; but at the same time we are able to note a welcome absence of any serious crisis in the economic and financial field. That does not mean that a number of countries have not had to face considerable difficulties; the producers of primary commodities have felt the impact of lower prices on their balance of payments, and a number of industrialized countries have had, and still have, relatively high rates of unemployment. But after allowance has been made for these difficulties, the main characteristics of the last 12 months have been the recovery from recession in the United States, the strengthening of monetary reserves, particularly in Western Europe, the moves to external convertibility by no less than 14 European countries (which have been followed by other countries in the sterling and franc areas), and distinct signs of a renewed expansion in world trade. The industrialized countries have again shown their willingness to make capital available to underdeveloped countries; and decisions have been taken to increase the resources of the Fund and the Bank, and thus to strengthen the international financial structure. The encouraging developments which I have mentioned could not have occurred without the adoption of constructive and determined policies, which clearly deserve our attention.

Per Jacobsson

A year ago, the recession in the United States still appeared to be deepening, and fears were expressed that an intensification of the recession would create serious difficulties all around the world. Now we know, however, that already in the course of the second quarter of 1958 the decline in economic activity was arrested, and by the late summer and autumn, signs of renewed recovery were evident. In fact, the recession has again been of relatively short duration. By the end of 1958 the Gross National Product of the United States had recovered to an annual rate of $453 billion (in real terms as high as the previous peak in the third quarter of 1957), consumer buying in the third quarter was 3.0% higher than in the corresponding quarter of the previous year, and hours worked in industry had risen by 5.2% from the trough of the recession, and were as high as the average for the first quarter of 1957. Unemployment, however, at the end of 1958 still stood at the high rate of 6.1% of the labor force, having thus fallen less than in the periods of recovery after the two previous recessions.

This is not the place to examine in any detail the circumstances which led to the rapid recovery. But a brief analysis would, I believe, be useful in a wider context. First, and of basic importance, is the resilience of the U. S. economy — and this includes not only the strength arising from the so-called "built - in stabilizers" and structural improvements in such fields as mortgage finance, but also the spirit of enterprise, revealed particularly in the urge toward innovation in a period of technical progress, supported by ample funds for research. These are factors of a more or less permanent nature. To be able to exert their full influence they must, however, be supplemented in each phase of the business cycle by appropriate policies on the part of the authorities. So far as government action was concerned, perhaps the most important measure was the placing of increased orders for defense and other purposes in the spring and summer of 1958. In the credit field particular importance attaches to the expansion of commercial bank credit following the relaxation of reserve requirements, certain open market purchases, and a lowering of interest rates. The total amount of credit extended by the banking system as a whole rose by no less than $16.7 billion during 1958. This increase had its main counterparts in a rise of $5.4 billion in currency and demand deposits (including government and foreign deposits), an increase of $6.8 billion in time deposits with commercial banks, and an outflow of gold amounting to $2.3 billion.

In assessing the importance of this credit expansion, it is worth noting that from the middle of 1955 to the middle of 1957 there was virtually no change in the money supply in the United States. The prices of raw materials had been declining in spite of the boom, and surplus capacity had reappeared in several lines of business — a combination of circumstances which seemed dangerously to resemble the situation in 1927-28 immediately before the Great Depression. While it was possible, as long as the boom continued, to count upon an increase in the velocity of circulation, once a setback in business occurred, velocity would tend rather to decline; in such circumstances the stagnation in the money supply could easily become a dangerously depressive influence.

Emphasizes Need for Credit Expansion

In the middle of 1957 conditions in the United States, and in certain other countries, were such that it could well be argued that there was need for increased liquidity — not so much in the form of reserves held by central banks or governments (what is generally called "international liquidity"), as in the form of credits provided by the private banking system which determine the amount of cash resources within the economy. By that time the excess liquidity inherited from the war had been worked off in quite a number of countries, and there were good grounds for thinking that a fresh impetus was required through an expansion of bank credit which could gradually be transformed into effective purchasing power. It was only natural that those countries which were in a strong position, such as the United States, should have to take the lead in any expansionist policy.

It is unlikely that without the credit expansion that occurred in the United States, the budgetary and other factors would have been sufficiently powerful to stage a recovery. This infusion of new money helped to keep up consumer income, and thus also helped to maintain the level of imports at a time when U. S. exports were declining. The substantial easing of money and lower interest rates made it possible for U. S. banks to grant foreign credits more readily, and for the U. S. economy as a whole to maintain its foreign investments on a high level. Apart from their beneficial effects internally, the U. S. anti-recession policies also contributed greatly to strengthening the monetary reserves positions of other countries. A number of these countries, including Belgium, Denmark, Germany, France, the Netherlands and the United Kingdom, have been able to ease credit, in some cases with substantial reductions of interest rates, making in that way an important contribution to a renewed upturn of business activity.

While in the United States and in some of the other industrialized countries the recovery in production has been substantial, many of these countries have found that employment has not risen as sharply as production, with the result that the level of unemployment has remained higher than in the recovery periods after the two previous recessions. This has been due in part to a longer average working week, but has also reflected a marked increase in productivity — both of which has meant greater production per worker employed. In itself, of course, increased productivity is a good thing, since it is an essential condition for economic growth in any society, at any time. But the question remains what measures should be taken to ensure that unemployed workers will be absorbed into useful production, a problem which is now debated in quite a number of countries.

The Perfect Solution

If one examines the experience gained in past periods of business fluctuation, it is clear that no single measure can ever suffice to expand production and absorb unemployed workers. It is important to establish the conditions for a proper balance in the cost, price and demand structure so as to ensure that the goods and services that may be produced will find adequate outlets in the markets. This will always require a combination of measures, namely, on the one hand, a sufficient increase in the liquidity of the economy—through appropriate credit, fiscal and other policies—to sustain purchasing power, and, on the other hand, the avoidance of increases in costs and prices that would be liable to impede an enlargement of sales. In expanding demand it is therefore wise to concentrate on those methods least likely to provoke an increase in costs and prices. Insofar as that can be achieved, the subsequent recovery will not consist primarily of a higher value of output as the result of rising prices, but rather of a steady increase in the volume of sales at relatively stable prices, thus ensuring the maximum increase in production and employment—what the Germans call a "Mengen-Konjunktur."

It is perhaps interesting to recall that the Great Depression was responsible for a change in economic thought on this, as in many other subjects. Before the depression it was almost taken for granted that wage reductions, if applied drastically enough, could effectively overcome a depression and restore higher levels of employment. However, influenced by the fact that unemployment remained distressingly high after 1929, in spite of repeated wage reductions, more and more economists came to believe that wage cuts would cause a decline in aggregate demand, and would therefore intensify rather than relieve the difficulties. They also laid increased emphasis on the need for credit expansion. But this is not to say that the necessity of holding down costs was entirely ignored.

What Keynes Really Said

Keynes, for example, while strongly recommending an increase in liquidity, at the same time laid stress on the need to avoid increasing money wages and to accept, at least temporarily, somewhat lower real wages if a depresssion was to be overcome. Professor Alvin H. Hansen, in his book "A Guide to Keynes," has explained Keynes' view of what the effects of an increase in costs on employment would be:

"Insofar as marginal costs rise as output increases, some part of the increase in demand **must** be dissipated in higher prices. But if, in addition, money wage rates also rise, employment suffers as a result of the higher wages of the already employed workers."

This important element of Keynes' theory is frequently, and unfortunately, forgotten.

If we turn again to the present situation, we see that both production and productivity is increasing in a number of countries. In the credit field, there is, moreover, ample liquidity to sustain expanding production. In the United States, the money supply rose by 3.8% in 1958; and the $6.8 billion in time deposits which were created in the same year meant an addition to liquidity which is likely to make itself felt also in 1959. In Europe, too, the increase in liquidity is exerting an active influence. If in these circumstances costs and prices are held down, there is a very good chance that recovery will continue and unemployed workers will be absorbed into the active labor force (although, as in the past, pockets of high unemployment may present special difficulties). Moreover, if the proper restraint in costs and prices is achieved, there will be a real increase in the Gross National Product on a scale which will permit such an increase in the standard of living as cannot be achieved in any other way. If, however, costs are allowed to increase, the danger is perhaps not so much of renewed inflation but rather of a failure to expand production and reduce unemployment.

Authorities Must Oppose Inflation

While leading industrial countries have not hesitated to expand the credit volume, often on a substantial scale, as part of their policies to overcome recession, they have of course had to bear in mind that once the upward trend set in, a further increase in liquidity might well give rise to fresh inflationary pressure. A factor of some importance in many countries is a lingering inflationary sentiment, nourished by years of rising prices; in such a situation, there is the need for a clear demonstration by the authorities that no further inflation will be allowed. From this point of view, the attainment of a balanced budget can serve a very useful purpose; moreover, when the recession is past and recovery is under way, the generally accepted principles of a compensatory budget policy call, if not for a budget surplus, at least for a balanced budget.

It is, of course, difficult at present to lay down any general rule, since conditions vary a great deal from country to country. In several countries in Europe, for instance, the recession began at a somewhat later date than in the United States and Canada, and the subsequent developments have also differed somewhat. The timing of many measures may, therefore, have to differ somewhat on the two sides of the Atlantic.

The easier credit conditions in Europe, which were made possible by the increases in monetary reserves, to which I have already referred, have continued even after the establishment of external convertibility. This provides added confirmation that this move was made from strength and not from weakness. Already in 1955, in preparation for such a move, the Western European countries have signed the European Monetary Agreement which was to replace the European Payments Union as soon as convertibility was established. But adverse circumstances in the following two years delayed the completion of the plan. By the end of 1958, when the monetary reserves of so many of these countries had been strengthened, they were able by a remarkable concerted action to seize the opportunity to go ahead. By taking this step, they brought closer the final move to full convertibility.

Fund's Purposes Are Being Realized

Under the European Monetary Agreement, **ad hoc** credits may be granted to individual countries, but the automatic credits which were a feature of the European Payments Union have now virtually disappeared. In this respect the new European arrangement has moved closer to the policies and practices of the International Monetary Fund. Access to the Fund's resources is determined by the merits of each case. The Fund is thus not simply an additional source of credit for its members; its resources are available in substantial amounts only to member governments which, in their contacts with the Fund, have shown that they have the intention and capacity to maintain or restore balance. This principle has become fully recognized in the recent active years of Fund transactions; and in this way the Fund contributes to the observance of monetary discipline, which is as important for the proper functioning of an international monetary system as for the maintenance or restoration of monetary order in each individual country.

A number of commentators have expressed concern at the disappearance of the more or less automatic financing that had been established under the rules of the European Payments Union. It has been argued that the automatic methods of financing had the merit of obliging creditor countries to make their contribution to meeting balance of payments deficits when a strain occurred, while the new system is liable to place an undue burden on countries whose reserves are falling. These fears, however, can easily be exaggerated, as may be shown by an analysis of the rules which now apply. In the first place, it is important to recall that under the old gold standard countries rarely had to meet a deficit in their balance of payments wholly by drafts on their monetary reserves. Equilibrating and other banking credits usually filled part of the gap. However, in 1950, when the European Payments Union was established, the international banking system had not yet begun again to function

*From an address by Mr. Per Jacobsson before the Economic and Social Council of the United Nations, Mexico City, April 9, 1959.

adequately. In those circumstances it was natural that a certain degree of official financing should be made readily available to meet part of the drain on individual countries' reserves. In the years that have now passed, however, banking relations have been reknit, and restrictions have been reduced, if not fully abolished, so that the orderly methods of market financing can now resume their proper role. It is in many respects more appropriate to rely on the funds available in the market than on official financing, which usually involves the employment of central bank credit which ought not to be the first called upon for equilibrating purposes; central banks should remain the lenders of last resort.

Responsibilities Are Sharpened

Secondly, it hardly needs to be mentioned that the International Monetary Fund and the European Monetary Agreement are both institutions established precisely for the purpose of assisting the central banks of countries in case of need. The practice of the Fund is that in the case of a member's request to draw an amount equivalent to its own gold subscription, normally 25% of its quota, the member has the overwhelming benefit of the doubt; for the next 25%, a country requesting assistance must show that it is making reasonable efforts to solve its problems. Requests for drawings beyond these limits require substantial justification, namely, that the drawing must be in support of a sound program likely to ensure enduring stability of the currency at realistic rates of exchange.

A country making use of the Fund's resources, in accordance with these principles, will invariably draw the currency of a country in a strong position. That is the contribution which creditor countries make via the Fund. But the deficit countries should also make their contribution, and this they do by correcting maladjustments in their economies by their own measures, often helped by financial and technical assistance from the Fund. A certain balance of responsibilities is thus established in the effort to restore equilibrium in the international balance of payments.

Underdeveloped Countries' Obligations

Thirdly, it is now generally recognized that countries in a strong balance of payments position normally have to take the lead in initiating financial and economic policies compatible with the maintenance and expansion of the volume of world trade. In this connection I want to draw attention to the following passage in the Fund's Annual Report for 1958, transmitted to the Board of Governors on July 25, 1958, in the midst of the recession: "While countries with balance of payments difficulties would certainly run great risks in applying expansionary policies at such a time, countries in a strong position have a special responsibility to maintain internal demand and production at high levels, thus ensuring a buoyant market for imports and contributing to the expansion of world trade. The prevention and correction of excessive cyclical fluctuations is a responsibility primarily for the large industrial countries — a task which they should undertake both in their own interest and in the interest of the rest of the world. There will, however, be a better prospect for the success of their efforts if the less developed countries are fully aware that stability cannot be assured to them merely by the efforts of others, and that they cannot be spared the obligation to adapt their own economies to fluctuations between high and low demand."

Casting our minds back to what actually happened in 1958, it cannot be denied that both the United States and Germany, two countries in a strong reserve position, took steps appropriate in each case to the particular circumstances with which they were faced, and thus relieved the situation in other countries. This was an example of the kind of complementary policy, involving measures of an opposite nature in individual countries, which is often necessary to ensure generally balanced conditions.

Problems of Nonindustrialized Countries

In recent years the distinction between industrialized and nonindustrialized countries has assumed increased significance as a result of the differential movements of prices. Contrary to what many people had expected, at the time of the boom prices after Korea, the prices of most primary products have fallen, with the result that the terms of trade have improved for the industrialized countries, and deteriorated for the primary producers. To some ex-

Continued on page 59

Savings Banks in 1959 and Attractiveness of U. S. Bonds

By DR. GROVER W. ENSLEY*

Executive Vice-President, National Association of Mutual Savings Banks, New York City

The attractiveness of U. S. Government bonds to supplement savings banks' continued large mortgage acquisitions, for the first year in some time, is pointed out by Dr. Ensley. The economist charts a generally favorable year for the economy and for banking, and expects large volume of home building and non-residential construction to continue in 1959. He does not gloss over, however, some of the important problems ahead and foresees a $500 billion economy within our grasp before 1960 is many months old.

Against the background of the historic and continuing role of mutual savings banks to encourage thrift and provide financing for the nation's long-term capital needs, what seem to be the immediate prospects for 1959? For the economy as a whole there is agreement that the year will be one of moderate growth and relative price stability. The rate of expansion will probably not be as rapid as in the 1958 upturn because immediate stimuli from changes in business inventory policies, in government expenditures, and in home building, will not be as strong. However, anticipated increases in consumer durable goods expenditures, in total construction activity, and in business capital outlays, are likely to keep the economy moving steadily, if not spectacularly, upward.


Grover W. Ensley

Sees $500 Billion Economy in 1960

The realization of these expectations may well raise the nation's total output in dollar terms to over $480 billion by the end of 1959 and the physical output from factories and mines to over 150% of the 1947-49 average, compared with $453 billion and 142% respectively, at the end of 1958. Thus the $500 billion economy, which not so long ago was considered to be a distant dream, is now within our grasp and will probably be achieved before 1960 is many months old.

Quite clearly, in this general economic setting, the banking system will be called upon to provide an increasing amount of funds for loans and investments. The flow of liquid savings, however, may be lower than in 1958 as individuals step up their rate of spending. As long as expectations of inflation do not become widespread, the net flow of individuals' savings into financial institutions is likely to be higher than in most other preceding years. Competition for savings among banks and other financial institutions will undoubtedly continue active.

For mutual savings banks specializing in capital market investments, opportunities for the favorable placement of funds will be ample. Corporate bond yields will be attractive relative to yields on mortgages and government securities, but the likelihood is that corporate offerings will be lower in 1959 than in 1958 as a result of sharply rising profits and continued large depreciation allowances. In addition to the generation of a large volume of internal funds, the expectation that capital expenditures will increase slowly through most of 1959 suggests that corporate demands for external funds will be moderate.

As a consequence of corporate financial developments, savings banks are likely to continue favorably inclined towards mortgage investments in 1959. In any event, a continued large flow of mortgage funds from savings banks seems assured in the early months of 1959, reflecting the large volume of mortgage commitments outstanding at the end of 1958. The volume of home building and of nonresidential construction is expected to continue large in 1959, and markets for existing properties are, also, expected to be active. As a result, opportunities for new mortgage investments will be ample. These opportunities will be affected by the course of Federal housing legislation now pending, one important aspect of which is the proposed increase in VA mortgage interest rates from the submarket 4¾% to the more realistic 5¼%. It is important to note in passing, however, that not until a greater degree of flexibility is permitted in these interest rates, will the market for VA mortgages be rid of its marked unsettling fluctuations.

Attractiveness of U. S. Bonds

In the financial setting of 1959, the market for U. S. Government securities will probably be watched carefully by mutual savings bankers as well as by other investor groups. The Treasury in recent months has shown increasingly its willingness to compete on the basis of rate and terms with other capital market securities. A large volume of new offerings is likely during 1959 and refundings will also be large. With the supply of corporate offering expected to be reduced in 1959, savings banks may find Treasury securities more attractive than in other recent years as a supplement to continued large mortgage acquisitions. 1958 was the first year since 1949 in which life insurance companies were net purchasers of U. S. Government securities; 1959 may be the first such year for mutual savings banks.

The general level of long-term interest rates and yields has risen substantially since mid-1958 and is not likely to decline in the business expansion of 1959. In this setting, savings bank earnings on capital market investments should average somewhat higher than in 1958, permitting continuation of the traditional savings bank policy of maintaining substantial surplus for the protection of depositors. Higher earnings may permit, also, the provision of additional services.

All things considered, 1959 promises to be a good year for savings banking. It will be a year in which savings bankers will be able to accommodate demands for funds without sacrificing quality for yield. Deposit growth, asset quality, and earning power will be well maintained. Experience will vary, of course, among the areas in which savings banks are located, because of the fundamentally local orientation of these thrift institutions. Increasingly, however, savings banks are influenced by national economic and legislative developments as investment activity in the nation's capital markets expands, including growing out-of-state mortgage programs. Accordingly, alertness to the impact of proposed Federal legislation and of prospective economic events will continue to be an essential element of effective savings bank management policy.

Charts Several Problems Ahead

The generally favorable outlook for the economy and for banking in 1959 should not imply that there are no important problems ahead. Indeed, several potential problem areas are suggested by uncomfortably high levels of common stock prices; by possible labor-management disputes in steel and other basic industries; by continued Treasury debt management difficulties and the possibility of further large Federal deficits; by a worsening international competitive position, and by continued large-scale unemployment in many industrial areas.

The overriding problem, perhaps, is whether employment can be maximized without setting loose renewed, self-defeating inflationary pressures. The achievement of that delicate economic balance necessary to permit a rate of growth appropriate for both relatively full employment and relative price stability is a challenge around which mutual savings bankers and commercial bankers can well unite.

*From a talk by Dr. Ensley before the 20th Annual Pacific Northwest Conference on Banking, State College of Washington, Pullman, Washington, April 10, 1959.

Haas, Raymond Co. Formed in New York

Haas, Raymond & Co. has been formed with offices at 120 Liberty Street, New York City, to conduct a general securities business. The firm will also render a special investment advisory service under the name of Traders Research Survey.


Lloyd Haas

Lloyd Haas, a principal of the new firm, was formerly a senior security analyst with Montgomery, Scott & Co., and prior thereto was in charge of research for Forbes Magazine's special situation service. In the past he was with Eastman, Dillon & Co. and J. R. Williston & Beane.

C. A. Dunham With Mitchell, Hutchins

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Claire A. Dunham has become associated with Mitchell, Hutchins & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Dunham, who has been in the investment business for many years, was formerly with Talcott, McAlpin & Co.

With Cantor, Fitzgerald

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Alis Berin and Boris Loeb have become affiliated with Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive.

With Patrick Clements

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif.—Ralph E. Lidster has joined the staff of Patrick Clements & Associates, 6715 Hollywood Boulevard. He was formerly with Federal Securities Corp.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The market for Treasury issues has been on the defensive for quite some time now because there is the fear that the coming refundings and new money operations will bring into the market obligations that will have a depressing effect on the outstanding issues. Since there will be no shortage of Government securities, either old or new ones, there is no rush on the part of investors to build up positions in these issues. This means that the cautious and uncertain tone which has characterized the money and capital markets for a period of time is not likely to be readily dispensed with.

The booming stock market, and the strong upturn in the economy, will most likely result in some action by the Federal Reserve Board in the near future. A rise in the discount rate, indicating a continuation of the restrictive money policy, is not expected until after the Treasury operation is out of the way.

Details of Treasury Financing Awaited

There are no changes evident in the demand opinions or psychology that surrounds the money market and the capital market, since the forces operating in these markets continue to be on the unfavorable side. In the first place the Treasury will most likely be making announcements within the next week or so as to how the refunding of the maturing May obligations will be done. To be sure, the Treasury would like to extend the maturity of the Government debt and a real opportunity for doing such a thing is always presented when obligations are coming due and are to be refunded.

No Time Now for Debt Extension

However, it appears as though the Treasury this time is in about as poor a spot as it has ever been to attempt an extension in the Government debt by offering to holders of the maturing issues, a long-term obligation. It is evident that the pressure continues to be very heavy on all maturities of Government but the more distant issues have only a very rapidly decreasing circle of friends. The coupon obligations that were used in the most recent operation of the Treasury, that is the 4s of 1963 and the 4s of 1969, have both gone to sizable discounts, although fairly impressive oversubscriptions were noted at the time of the offering. This, along with the yields that are available now in the other marketable Government obligations, seem to be positive proof that the Treasury is not in a position to sell either an intermediate or long-term obligation at this time unless they attach to these issues a rate that would be about the maximum the Treasury could pay for a bond maturity.

Near-Term Issue Expected

There is no question about the ability of the Treasury to refund its issues as they come due, but there is about the maturity of the securities that will be used along with the coupon rate. Therefore, with a middle maturity as well as a bond evidently ruled out by the price action of the money market and capital markets themselves, it seems as though a near-term issue will be used by the Treasury in its impending operation. This naturally brings up the question as to how short an issue or issues the Treasury will use in the May venture.

In spite of opinions that an issue with a maturity a slight bit longer than a certificate with a 4% coupon rate is in the cards, there are those money market specialists who believe that the main reliance this time will be on special Treasury bills in the one-year range. Along with this special Treasury bill idea is the belief that in spite of what has happened to the Government bond market, a token offer will be made of Government bonds, so that at least something can be said and will be in the records about the extending of the maturity of the Government debt.

Optional Dates Approaching

The 4s due August, 1961, and the 4s due August, 1962, both of which are redeemable at 100 at the option of the owner, become eligible for redemption, with the May 1 date the deadline for the filing of the notice for cash payment on the 4s of 1961. They would become payable on August 1. The 4s of 1962 can be redeemed next February 1 on advance notice of the holders. The levels at which these two issues are selling appears to indicate that a great deal of these two securities will be tendered for payment by the time when the first option call date rolls around. This will add to the refunding woes of the Treasury.

Forms Marsh Inv. Co.

LAWRENCE, Kan. — Robert K. Marsh is engaging in a securities business from offices at 1630 West 22nd Terrace under the firm name of Marsh Investment Co.

With J. I. Ferrell

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Forrest M. Carhartt has joined the staff of Jane I. Ferrell Investments, 1129 Colorado Avenue.

Two With Crowell, Weedon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William H. Engquist and Richard L. Goforth have become affiliated with Crowell, Weedon & Co., 650 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Engquist was previously with E. F. Hutton & Company.

Copley Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

COLORADO SPRINGS, Colo.—Archie B. Craig has been added to the staff of Copley and Company, Independence Building.

With Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—J. Glen Brubaker, Phillip B. Cross and James H. Welch have become affiliated with Evans MacCormack & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange. All were formerly with Hopkins, Harbach & Co.

A. T. Brod Office

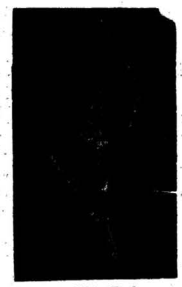
WASHINGTON, D. C. — A. T. Brod & Co. has opened a branch office at 931 Fifteenth Street, N. W., with Martin Lesser as resident partner.

How to Solve Unemployment

By ROGER W. BABSON

Four ways to increase employment are suggested by the dean of American financial commentators after outlining four reasons for unemployment which do not place the entire onus on labor. Mr. Babson proposes a secret strike vote by the rank and file and prevention of monopolies by unnecessary consolidations.

Readers must be disturbed by the contrary reports from Washington about the employment situation. One report claims there are more employed today than there were a year ago — or perhaps ever — while another report says there are more unemployed than a year ago. Probably both of these claims are correct. It is easily possible, owing to the natural growth in population and to other factors which I will now enumerate:



Roger W. Babson

Four Reasons for Unemployment

(1) Manufacturers, retailers, and labor are pricing themselves out of business. Most investors put all the blame on labor; but each group wants more and tries to raise prices or wages to secure additional money. Finally, the public buys fewer goods, which results in retailers laying off clerks, manufacturers laying off workers. It is a "merry-go-round," with all groups to blame.

(2) Government imposes taxes for defense, social security, old age, pensions, farm and foreign aid, roadbuilding, etc. These taxes make everyone mad and we unconsciously take it out on labor by reducing the number of our employees.

(3) Foreign imports are constantly increasing. Low wages in Germany, Italy, Japan, and other countries enable these nations to export to us all kinds of manufactured products at low prices which our own manufacturers cannot meet. This is even after the foreign manufacturers pay the import duties. Yet we dare not raise these duties for fear these nations will cease to be our allies and turn to Russia. Every store in your city is carrying some imported goods. When you buy them, you are putting good American wageworkers out of a job. Yet we must buy these goods or Russia will get the business and we will lose a valuable friend.

(4) Many manufacturers are either building plants abroad to hire very efficient workers at very low wages or are adopting automation. Retailers install "self-service" and build great supermarkets. These changes throw more wageworkers out of employment.

Four Ways to Increase Employment

(1) I believe in the American wageworker. He is fair and intelligent. Unfortunately, however, his union leader knows that to hold his own job, at $20,000 per year, he must get wage increases for his members. This he does by forcing members to agree to his threats to employees by the use of *standing votes.* The most helpful thing Congress could do for wageworkers and consumers would be to legislate that all strike votes shall be by secret ballot.

(2) The U. S. Justice Department should be encouraged to prevent monopolies by unnecessary consolidations. When employers combine, they usually do so either to raise prices or to reduce manufacturing costs. As a result certain wageworkers are thrown out of work. Might it not be fair to require a period of time—agreed upon in advance—before prices are raised or any employees discharged? Surely the stockholders should be willing to make some temporary sacrifice when they vote for these consolidations.

(3) Both aging employers and wageworkers should take advantage of Social Security and gladly retire from active work when reaching 65 years of age. The simplest method of decreasing unemployment would be to reduce the legal work week to 35 hours; but this would result in more foreign imports and "the cure would be worse than the disease." Please note that I include the older officers of corporations as well as the wageworkers. To reduce unemployment among the younger groups, more of them should be sent to college.

(4) Let me close by saying that the basic difficulty is that both employers and wageworkers are in "cold wars" with other nations. These economic wars will be settled fairly only when all groups are willing to "give and take." Employers, wageworkers, and consumers must all be willing to abide by the Golden Rule rather than use force; strikes are only legalized wars.

Caldwell Co. Opens

Caldwell Company is engaging in a securities business from offices at 99 Wall Street, N. Y. City.

Three With N. C. Roberts

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John D. Desbrow, James H. Wilson and John E. Lucas are now affiliated with Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange. Mr. Desbrow was formerly with Dempsey-Tegeler & Co.; Mr. Wilson was with Evans MacCormack & Co., and Mr. Lucas was with First California Company.

Birr Adds Three to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Leonard K. Lamdan, Reginald W. Hughes and Joseph E. Stephenson have been added to the staff of Birr & Co., 155 Sansome Street. Mr. Hughes and Mr. Stephenson were formerly with Wulff-Hansen & Co.

Two With First Southern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Eugene R. Pruitt and David J. Schwartz are now with First Southern Corporation, 70 Fairlie Street, N. W.

F. I. du Pont Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Rodlin E. Bunney has been added to the staff of Francis I. du Pont & Co., Securities Building.

May, Borg Partner

David H. Cohen became a partner in May, Borg & Company, 61 Broadway, New York City, members of the American Stock Exchange, on April 3. Mr. Cohen was formerly a partner in Pasternack & Co.

America's Investment in Freedom

By HON. HENRY CABOT LODGE*
United States Representative to the United Nations
New York City

Twelve years of intimate experience with our foreign policy prompts our United Nations' representative to set forth five essential measures he advises we should pursue. Besides maintaining our military strength, Mr. Lodge says we must live up to our own standards, for with weapons in profusion we could still lose the contest. This involves alleviating economic weakness and discontent in many countries for non-contradictory reasons of self-preservation and love of our fellow man; thinking in terms of generations and not in terms of fiscal years or years between elections; fostering growing government-business partnership aimed at promoting economic development abroad; and promoting economic strength and practicing "equal rights for all" at home.

Every day brings home the fact that the greatest dangers which we confront are attributable to certain policies of the Soviet Union. We have yet to see anything which indicates that their unremitting long range aim is not world domination.

Henry Cabot Lodge

And, in the period since Stalin's death, the Soviets appear to have become cleverer and more sophisticated in their methods. They use diplomacy, threats of force, economics and propaganda — and do so with mole-like patience. We must not fail to understand this or to underestimate their abilities.

Direct personal contacts convince me that Soviet officials are not soft, they are not stupid and they are not lazy. We must, therefore, be more intelligent and be absolutely clear in our minds as to what we stand for, what we *affirmatively* want the world to be.

Differences in Thoughts and Words

There are huge gaps between our thinking and theirs. In the Union Nations, for example, they want to reorganize the voting system so that instead of having the 9 votes out of 82 which they now hold, there would be two blocs of equal size: The Soviet Union and its satellites on the one hand; and the United States and our satellites — which, of course, we have not got and do not want—on the other. To this complete disfranchisement of all the small countries of the world they have given the euphonious label of "parity."

Words do not mean the same thing to them as they do to non-communists. When they say "people's democracy," for example, they mean dictatorship over all the people in a country by a very small hand-picked group of people without there ever being any free elections. When they talk about "socialism," they do not evoke the concept of social welfare, but of the use of economic power by the state to maintain a dictatorship.

Like the rest of us, they make mistakes—large and small. I do not doubt that the threatening statements and aggressive acts of a succession of Soviet officials over the last 12 years brought about NATO and the whole present scale of U. S. military preparedness. If you look at American history and study the American character you must agree that in the past, when left to ourselves, we have speedily lost interest in military matters.

There is evidence that an evolution is taking place in the Soviet Union—that the present leaders, with their dreams of world conquest, are not in step with the younger generation, who are not interested in conquering the world—and who do not believe the musty claptrap about capitalist imperialism. So in 25 years there may be a different picture.

Advocates Generation-Long Planning

But for the time being, we must take note of the fact that the Soviet Union is growing in military and economic potency. We had a recent example — in Hungary in 1956—of how this power is used. Certainly we must learn to live with the present world disorder protractedly. We must not think in terms of fiscal years or of two year or four year elections; we must think in terms of generations.

One rule of thumb for dealing with the Soviets is not to take what they say at face value; to be flexible in method; to be firm on our basic goals: and to be strong—in many different ways.

In the interests of sheer, elemental survival we must of course have military strength. This is utterly basic. We must be able not only to deal with an all-out nuclear attack, for which we look to the Air Force; we must also be ready for limited military activities of a kind well exemplified by the fleets which we maintain in the Mediterranean and in the Western Pacific and by our Army in Germany and Korea. As we look back, for example, on the events of last year, we can feel that our ability to come to the aid of Lebanon when we were requested to do so by the government of that country, was very useful and constructive. For us to be able to help free countries survive is worth all that it costs.

We Can't Remain Aloof

But military strength, although indispensable, cannot solve the problems which make this world so dangerous. One of those problems is economic weakness and discontent in many countries, which makes them tempting prey for conquest—perhaps even bloodless conquest—by communism.

In some countries of Africa and Asia there are large and fast-growing populations, of a size away beyond the present capacity of the country to feed and clothe decently. Millions of these people are therefore living a sort of half-life of semi-starvation and disease. They are demanding help. If they get health and enough to eat, they can some day be strong enough to stand up for themselves.

All that we ever want from any country is that it should be willing to stand up for its own rights. We want no satellites. Obviously, a country in which the overwhelming majority of the population is half starved and in bad health, cannot stand up for itself or for anything else.

This is the sort of thing which is so often called "foreign aid"—an unhappy phrase because it suggests that out of the goodness of our hearts we are helping others even though there is no obligation on us to do so and although it does not help us to do so.

Yet how false such suggestions are!

For one thing, there is a duty incumbent on the rich to help the poor.

Secondly, there *is* a humane obligation on all men to help people who are suffering.

Thirdly, assuming the humane motive does not convince, there is the certainty that—as surely as night follows day — if we are "good bankers" in the broad sense of the term and help these countries get started, it will be a great asset to us in the long run. The potentialities of many of these underdeveloped countries as trading partners are enormous.

Fourthly, there is the converse proposition, which is that if we don't help them and they fall into the hands of the Soviet Union, we have done ourselves a very bad turn indeed.

We should think too about the tactlessness of those who publicly proclaim that we only carry on our economic program as a tool with which to fight the cold war! When will those who use this argument learn that we *like* those whom we help—that it defeats *our* purpose to look as though we were helping them cold-bloodedly?

The fact is — and our history proves it again and again—that our economic system, which satisfies more consumer wants than any system in history, would have collapsed long ago if it were not operated by a people with a humane conscience, a people who believe, as Lincoln said, "that all should have an equal chance."

Now, as a leading nation in a world of poverty and revolution, we must apply to the problems of that world not only our great economic might but also our humane conscience. If we fail in this respect and if we care only about our own continued wealth, we will soon lose that wealth and much more besides.

I am not trying to suggest here just how we should tackle this great long-range task. That question requires many answers. There is clearly an urgent need to think about it. The Soviet Union has already shown that it does not hesitate to undersell the products of free nations abroad. Certainly no individual businessman can be expected to stand up against all the resources of a huge totalitarian government.

Growing Business-Government Partnership

It is, therefore, encouraging to see how much able thought is being given to a more active partnership of business and government aimed at promoting economic development abroad. President Eisenhower is preparing a program for submission to Congress to stimulate that partnership. The excellent report last month of the President's Committee on World Economic Practices can do a great deal to sharpen our understanding of this subject. Significantly, the need for more private capital investment in newly developing countries was also stressed in the so-called "Malayan resolution" adopted by the United Nations General Assembly last fall.

But this is an enormous field, and one which President Eisenhower discussed in all its breadth in his speech at Seattle last October. Suffice it to say here that appropriations for economic programs abroad are as vital to our national existence as the money which we appropriate for the diplomatic service or for our military services. Thus self-preservation is one motive for them. But another principal motive should be love of our fellow man. There is no inconsistency between the two.

So we see that military, economic and diplomatic actions are all essential to our foreign policy. But they are not enough. In the shrinking world of today, it is impossible to divide what you do abroad from what you do at home.

Fostering Economic Strength and Equality

For one thing, the strength and vitality of our economy are a base for our strength abroad and so there must be prosperity here at home. That prosperity is also a standing source of despair to communist theorists who behold in the United States an economic system which works, but which Karl Marx said could not work. Nor is that all. If we are to win the struggle for the minds of men—particularly in Africa and Asia—we must show at home that we practice what we preach about equal rights for all, and that what we do is animated by spiritual values. Six years of association with the representatives of Africa and Asia in the United Nations convince me that when they match us up against the Soviet Union, they think along these lines:

"The United States has military strength; but then so has the Soviet Union. The United States has economic strength; but then so has the Soviet Union. In fact, the material progress which the Soviet Union has made in the last ten years is more impressive to us in Africa and Asia than that which has been made in the last 150 years in the West because it seems closer to something which we ourselves could do. What then is the difference?" asks the man in Africa or Asia.

And I believe he answers it this way: "The big difference between the United States and the Soviet Union is that the United States has proven that man's material well-being can be improved without violence, without coercion, and without sacrificing his civil rights."

To the man in Africa or Asia that is impressive — and its impressiveness is enhanced when he compares our way with that of the unspeakable brutalizing of Tibet by the Chinese Communists.

Advises Living Up to Our Own Doctrines

It is up to us to live up to our own standards. When in Asia and Africa men read of the happenings in Little Rock, for example, our country's interests suffer. When photographs appear in the press of Negro children in school in Virginia great good will for the United States is created. Americans who are responsible for this progress are entitled to the credit.

We do not need more doctrine. We have wonderful doctrines and plenty of them. We have the Declaration of Independence which tells us that "all men are created equal." We have the words of the Old Testament prophet Micah, who bids us to "do justice, love mercy, and walk humbly with thy God." We have the Christian ideal of brotherly love—"thou shalt love thy neighbor as thyself." We have plenty of doctrine; what we need is to live up to that doctrine.

Our greatest struggle, therefore, is with ourselves rather than with the Soviet Union. We face the simple fact that enthusiasm for a bad idea can prevail over lack of enthusiasm for a good idea. In this shrinking world, with its growing mass communications, the conduct of foreign policy is not limited to diplomats and government officials. An unselfish act—or an intolerant act—by an individual has a definite influence for good or ill on the standing of our country in the world.

In founding this country our ancestors made a long-term investment in freedom. It was a calculated risk that ordinary people had enough virtue in them to make a free society possible. That investment has paid rich dividends for nearly two centuries—so much so that tens of millions came to our shores, and hundreds of millions were inspired to develop their own free institutions in other countries.

Now we have come to a period when the whole idea of freedom as we know it in the West is denied and challenged by communism. Many peoples who are just beginning to seek their own destiny in the world are waiting to see, in this global contest, which system will do more for them.

We need guided missiles, to be sure, and the other weapons without which we cannot survive. But we can have weapons in profusion and still lose the contest. We need all of our generosity, our warm-heartedness, our old-fashioned pioneer neighborliness, our ideas, our ideals—all of what Lincoln called "the better angels of our nature." For these are the Americanisms which can win over the world.

*An address by Mr. Lodge before the Bond Club of New York, New York City, April 16, 1959.

Municipal Bond Women To Hold Outing

The ninth annual outing of the Municipal Bond Women's Club of New York will be held at Seawane Harbor Club in Hewlett, N. Y., on Friday, June 26. Virginia Ramsdell of Guaranty Trust Company of New York is Chairman of the Outing Committee.

State Inv. Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Norman T. Carvell has been added to the staff of The State Investment Company, Bank of Commerce Building.

Joins Buck Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Philip F. Mackey, Jr. has joined the staff of Richard J. Buck & Co., Statler Office Building. He was formerly with Schirmer, Atherton & Co.

A. G. Edwards Branch

LAUREL, Miss. — A. G. Edwards & Sons has opened a branch office at 518 Central Avenue under the management of James L. Cody. Mr. Cody was formerly local manager for T. J. Feibleman & Co.

To Fund or Not to Fund—That Is the Question

By PAUL EINZIG

"To fund or not to fund," that is the question puzzling Britons today. Dr. Einzig reveals the inherent clash of the Keynesian contra-cyclical concept of government debt-management versus the realities as to when it is most practical for the Treasury to fund its floating debt and maturing loans and when to defund. He advises his country to institute flexible reserve requirements so that liquidity brought about by banks' holdings of Treasury bills can be offset whenever desired.

LONDON, Eng. — The Government has been the subject of a certain amount of criticism recently on the ground that, while pursuing a policy of cheaper money in the sphere of short-term credits, it has taken no effective measures to reduce the yield on long-term loans. It is argued that the absence of an adequate revival of capital expenditure is mainly responsible for the slow pace of recovery from the business recession, and that a lowering of long-term rates of interest would go a long way towards stimulating capital expenditure. The basic premises of this argument are open to question, since a high proportion of existing producing capacity is at present unused, and there would be, therefore, little inducement for a further expansion of producing capacity, even if it were possible to finance the capital expenditure at a low rate of interest.

Dr. Paul Einzig

The above argument is open to criticism also on the ground that it is not so easy for the Government to reduce long-term interest rates as it is to reduce short-term interest rates. Admittedly, if the Treasury were to revert to the inflationary policy pursued in the bad old days of Dr. Dalton's Chancellorship, when the authorities were large-scale buyers of Government loans in order to bolster up their prices, and increase the floating debt in the process, it would be possible to bring about an artificial reduction of the yield on long-term loans. But the lessons of this ill-advised experiment have not been forgotten, and none of the Government's critics advocate its repetition.

Discusses Keynes' Views

The solution favored by the Government's critics is the Keynesian remedy of de-funding. It is indeed amazing how the stocks of the late Lord Keynes fluctuate in academic circles in inverse ratio to business fluctuations. During the prolonged period of inflationary postwar boom the popularity of Keynesian doctrines underwent a decline on the ground that Keynes was a "depression economist" whose teachings are not valid amidst conditions of expansion and prosperity. His policy of defunding, thanks to which Britain and most other belligerent countries were able to finance the Second World War at relatively low rates of interest, became thoroughly discredited during the period of creeping inflation. It resulted in an unduly high proportion of floating debt assuming in Britain mainly the form of a large volume of Treasury Bills.

Under the British system of liquidity ratios banks are in a position to expand credit as a result of an increase in their holdings of Treasury bills. For this reason an expension of the Treasury bill issue is essentially inflationary. This fact was first stated by Sir Hilton Young (now Lord Kennet) in 1919, during the inflationary period that followed the first World War. It was rediscovered again four years ago. The doctrine gained immense popularity and induced the authorities to embark on a policy of debt funding in order to reduce the Treasury bill issue. The result was that long-term loans were thrust upon a market which, owing to the gradual realization of the depreciation of sterling's purchasing power, was increasingly unwilling to hold fixed interest bearing securities. Hence the increase in the yield on Government loans under the combined effect of inflation and funding policy.

Immediate Problem and Contradiction

Now that the immediate problem is the creation of conditions to stimulate a business revival, many of those who had advocated a policy of funding are in favor of reversing that policy and reverting to the Keynesian method of reflation through defunding. Their attitude has certainly the merit of being logical. Since they advocated funding as a method of disinflation it may seem reasonable that they should advocate defunding as a method of reflation. But while this idea of managing the business cycle with the aid of alternating between funding and defunding may appear sensible from the point of view of its objective, it seems to be highly questionable from the point of view of the management of the public debt.

The application of the policy of funding during the period of postwar inflation was highly detrimental from the point of view of the terms on which the Treasury was able to fund its maturing short-term debt. In order to induce an increasingly reluctant market to absorb an increased amount of long-term and medium-term loans the Treasury had to offer a higher yield. Indeed, it was becoming increasingly difficult to persuade investors to hold Government loans in preference to equities.

As a result of the business recession the prospects of equities now appear to many people less attractive than it was 12 months ago. At the same time since the rise in the cost of living has come to a halt, there seems now to be more willingness on the part of the investors to hold Government loans. For this reason it would now be easier for the Treasury to fund floating debt and maturing loans on relatively favorable terms. But to do so would conflict with the view that it is the Government's duty to stimulate business revival during a recession by means of defunding. A reduction in the Treasury Bill issue would be denounced on the ground that it tends to reduce or keep down the volume of credit and thereby to delay recovery.

You Can't Fund and Stimulate Business

To put it in a nutshell, the application of the fashionable policy of funding during boom and defunding during depression would mean that the Treasury would always have to undertake funding when market conditions are the least favorable for such operations which could only be effected on costly terms. If the policy provided an effective answer to booms and depressions there would be a case for bearing the burden of the additional interest charges for the sake of mitigating booms and slumps. As I pointed out at the beginning of the article, however, the extent to which a policy of defunding is liable to contribute towards business recovery should not be overrated. Moreover, it might be worth while to give some thought to the alternative solution which is a reduction of the extent to which the volume of credit depends on the volume of Treasury Bills. This end could be achieved by bringing about a radical change in the rules that govern liquidity ratios in the British banking system. There should be statutory reserve ratios, as in the United States, and the Treasury should have the power to change them in order to influence the volume of credit. This would be a more intelligent and less costly method than the present method of pushing and defunding at the wrong time.

IDAC Announces Convention Program

TORONTO, Canada — The Investment Dealers, Association of Canada has announced the program for the annual meeting to be held June 8 to 11 at Banff Springs Hotel, Alberta. This program has been arranged so that the business sessions for the members will be held in the mornings.

Scheduled for June 7 is the meeting of the members of the outgoing National Executive Committee, and another meeting of the committee will be held June 8. Also on June 8 will be a reception by the President, E. H. Ely, for members, their wives and guests.

On June 9 a special forum on sales will be held under the chairmanship of W. J. Borrie of Pemberton Securities Ltd., Vancouver. This will be followed with the annual meeting of all the members, who will be welcomed by the Hon. Dr. J. J. Bowlen, Lieutenant Governor of Alberta. Principal speaker at the meeting will be Harold S. Foley, Chairman of the Powell River Company. Ltd.

On Wednesday there will be a forum on the Canadian Money Market, with W. M. Dietrich, Nesbitt, Thomson and Company Ltd., Montreal, chairman. This will be followed by a meeting of all the members, who will be addressed by N. R. Crump, President of Canadian Pacific Railway, Montreal. In the evening there will be a reception by the incoming President.

With Saunders, Stiver

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — John W. McNally is now affiliated with Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles T. Neale and Adolph Reinbrecht have been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Neale was formerly with Hill, Richards & Co.; Mr. Reinbrecht was with First California Company.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Irving A Wills has been elected a Trustee of **The Dime Savings Bank of Brooklyn, Brooklyn, N.Y.** it is announced by George C. Johnson, Chairman of the Board.

Irving A. Wills

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Russell G. Tompkins and Anthony M. Cucciarre have been named Assistant Treasurer and Assistant Auditor, respectively, of **The County Trust Company, White Plains, N. Y.**, Dr. Joseph E. Hughes, Chairman, announced April 17.

Mr. Tompkins has been with the bank since 1945 and is currently assigned to the northern Westchester region.

Mr. Cucciarre has been with the County Trust Company since 1942.

* * *

The First New Haven (Conn.) National Bank opened its 12th location, this week, and is designed for the exclusive use of its motoring customers, at Campbell Avenue and Ashburton Place in the central business section of West Haven.

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The First National Bank of Jersey City, Jersey City, N. J., with common stock of $4,000,000; and **West Hudson National Bank of Harrison, Harrison, N. J.**, with common stock of $522,000 merged, effective April 3. The consolidation was effected under the charter and title of The First National Bank of Jersey City, with capital stock of $4,725,000, divided into 189,000 shares of common stock of the par value of $25 each.

* * *

Kingsbury S. Nickerson, President, announced that the lending limit of **The First National Bank of Jersey City** had been increased to $1,000,000. The board of directors at its meeting authorized the transfer of $550,000 from undivided profits to surplus bringing the bank's total capital and surplus to $10,000,000.

* * *

Edgar S. Lewis has been appointed Vice-President in the national department of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, according to an announcement by Frank R. Denton, Vice-Chairman of the bank.

Mr. Lewis came to Mellon Bank in 1956 as Assistant Cashier. In 1958, he was appointed Assistant Vice-President.

Before coming to Mellon Bank, Mr. Lewis was associated with **the Crocker Anglo National Bank of San Francisco.** He had been with that company for eight years serving as loan officer and in business development.

Jonathan S. Raymond has been appointed Chairman of the Executive Committee of Mellon National Bank, according to an announcement by Richard K. Mellon, Chairman of the bank.

Mr. Raymond started his banking career in 1924 with the **First National Bank of Boston** and subsequently became Manager of the bank's credit department. In 1937, he came to Pittsburgh as Vice-President of Mellon National Bank.

In 1946, following the merger between Mellon National Bank and **The Union Trust Company of Pittsburgh**, Mr. Raymond was appointed Vice-President of Mellon National Bank and Trust Company in charge of the banking department. In this capacity, he was responsible for all loans and deposit accounts of the bank as well as for the development of new business and customer relations.

In 1953, Mr. Raymond was appointed Senior Vice-President of Mellon Bank and in 1957 he was elected to the bank's board of directors. The following year, Mr. Raymond became a member of the Executive Committee.

* * *

The Winona National Bank, Winona, West Virginia, changed its title to **The Gauley National Bank of Gauley Bridge, Gauley Bridge, West Virginia**, effective April 6, and relocation of main banking house from Winona to Gauley Bridge, West Virginia.

* * *

Ellery Sedgwick, Jr., was elected a director of **The Cleveland Trust Company, Cleveland, Ohio**, it was announced on April 17 by George Gund, President.

* * *

Lester L. Wilson, a veteran of more than 37 years in banking and finance, has been elected an Assistant Cashier and Branch Manager of **Society National Bank, Cleveland, Ohio,** Mervin B. France, President, announced following the regular directors' meeting.

On July 1, Mr. Wilson will assume his duties as Manager of Society's Uptown Branch, 921 Huron Road, succeeding Walter W. Free, who will retire at that time on Society's Pension Program.

Mr. Wilson began his banking career in 1922 and has gained wide experience in many phases of banking.

* * *

The common capital stock of **The Central National Bank and Trust Company of Peoria, Ill.,** was increased from $600,000 to $1,000,000 by a stock dividend, effective April 10. (Number of shares outstanding—50,000 shares, par value $20.)

* * *

This is the 64th neighborhood office of the **National Bank of Detroit, Detroit, Mich.**, which was recently opened at 33200 Twelve Mile Road, near Farmington Road, to serve the rapidly growing population in the northern part of Farmington Township.

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Duluth National Bank, Duluth, Minn., increased its common capital stock from $250,000 to $350,000 by a stock dividend, effective April 8. (Number of shares outstanding—7,000 shares, par value $50).

* * *

The Clark County National Bank of Clark, Clark, S. Dak., changed its title to **The First National Bank of Clark**, effective April 10.

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By a stock dividend, the common capital stock of **The First National Bank of Winston-Salem, N. C.**, was increased from $400,000 to $800,000, effective April 8. (Number of shares outstanding—80,000 shares, par value $10).

* * *

The common capital stock of **The Citizens and Southern National Bank, Savannah, Ga.**, was increased from $11,500,000 to $12,000,000 by a stock dividend, and from $12,000,000 to $14,000,000 by the sale of new stock, effective April 10. (Number of shares outstanding — 1,400,000 shares, par value $10).

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By a stock dividend the common capital stock of **The First National Bank in Childress, Texas**, was increased from $150,000 to $250,000, effective April 8. (Number of shares outstanding—12,500 shares, par value $20).

* * *

Northwest National Bank of Dallas, Dallas, Texas, was granted permission to open a new bank. F. M. Holt is President and Tom J. Hardin is Cashier. The bank has a capital of $200,000 and a surplus of $300,000.

* * *

The United States National Bank of San Diego, Calif., increased its common capital stock from $3,000,000 to $3,750,000 by the sale of new stock, effective April 9. (Number of shares outstanding — 375,000 shares, par value $10).

* * *

Elliott McAllister, Board Chairman of **The Bank of California, San Francisco, Calif.**, announces the appointment of Richard D. Powers and Gordon K. Craig as Assistant Trust Officers.

Mr. Powers comes to the West Coast from St. Paul, Minn., where he was Assistant Trust Officer with **The American National Bank of St. Paul, Minn.** Both officers are assigned to the bank's head office in San Francisco.

* * *

Citizens National Bank, Los Angeles, Calif., will occupy almost all the ground floor of Tishman's new 22-story downtown office building, soon to be constructed on the northwest corner of Wilshire and Flower, it was announced by Roy A. Britt, President. The bank's occupancy of the new quarters is scheduled for next spring.

The new branch office will be the fifth serving the downtown area for Citizens National Bank —and when completed, will bring to 51 the number of Citizens' branches serving Los Angeles and Orange Counties.

Winslow, Cohu Corp. Will Be NYSE Member

The partnership of Winslow, Cohu & Stetson will retire as a member firm of the New York Stock Exchange, as of May 1, and Winslow, Cohu & Stetson, Incorporated, 26 Broadway, New York City, will hold the Exchange membership. Officers of the Exchange member corporation will be Samuel R. Winslow, President; Eugene W. Stetson, Jr., Chairman of the Board; Charles A. Clark, Jr., Executive Vice-President; William C. McKinney, Vice-President and Secretary; Ivan Pouschine, Vice-President and Treasurer; Stephen A. De Guard, Vice-President and Assistant Secretary; Walter V. Austin, William V. Couchman, Herbert Lloyd, Fred E. Walton, William J. Banigan, Karl P. Herzer, Malcolm S. McConihe, Jr., Charles W. Snow, Charles A. Bianchi, Harold L. Brown, John De Braganca, Joseph M. Galanis, Hunter B. Grant, Jr. and Paul V. Land, Vice-President.

Now With Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Stuart E. Power has become affiliated with Kidder, Peabody & Co., 210 West Seventh Street. He was formerly with Witherspoon & Company, Inc. and Dean Witter & Co.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Well, the long drawn-out effort of the insurance companies operating in New York for a fair rate increase on bodily injury and property damage lines has finally paid off, and the new insurance commissioner of the state has granted increases. It will be recalled that Superintendent Thacher's predecessor was long adamant in his refusal to grant upward revisions, a stand that was taken even in the face of serious losses by the carriers. Commissioner Thacher turned down one application for increased rates as excessive. Another application was entered, and the revision made.

This increase in rates affects carriers writing about 80% of the private passenger automobile liability coverage in the state; and it averages out to about 18½%. In the light of the motor vehicle experience for several years past there was no justification whatever for withholding some rate increase from the underwriters. Their underwriting results in the automobile casualty lines had deteriorated badly, and there was danger that the surplus accounts of some of the smaller units could be impaired. But the improvement in rates will help considerably. Cars used by male drivers under 25 years of age are, under the new schedules, most affected.

* * *

Good Showing by Fire Companies

The fire companies turned in a surprisingly good showing in extended coverage for 1958. This line, it will be recalled, was a real troublesome one for some time past, largely because of the losses caused by hurricanes, and, in the past few years, severe tornados. But in 1958 the line showed an underwriting profit margin of some 5.7%. The average for the five years through 1958 is a loss of 11.6%; and each of the four years preceding 1958 showed a material loss in the line.

In spite of the very poor experience in the past six or seven years, volume of premium writings of extended coverage has been increasing steadily. It ran to $525,000,000 in 1958, compared with about one-fifth of that amount as recently as 1945. Efforts are being made to reduce the exposure of the companies because of the bad experience, the use of deductibles being part of the campaign. It is to be hoped that the 1958 results in this line will be repeated, as the carriers have a large debit to make up in this one. No hurricanes will help.

The results in straight fire saw the combined loss and expense ratio hold closely to the 1956 and 1957 figures, and some distance from 1954 and 1955, which were quite good years in the line. The loss and expense ratio for 1958 was 100.5%, and the five-year average 97.7%.

Auto Property Damage Liability, continued a poor showing, although there was improvement over 1957 (102.5% combined ratio for 1958, versus 105.1%). The five year average of 98.2% was helped considerably by the years 1954 and 1955. The line has had rough going except for a few years. Rate increases have helped to prevent even a worse showing, but with so many more cars, and loss costs what they are, it continues to be hard to get the line into the black.

Auto bodily injury has also had a bad showing. Only in 1954 of the past five calendar years has the line shown black. The five-year average has been 108.2% combined loss and expense ratio, with 1958's 111.0% the worst showing except for 1957. There have been a number of rate increases in this line, but as has been pointed out, it takes some time for these increases to catch up with the losses—even when the rate hikes are adequate — a quite rare occurrence, we might add.

On the other hand, Workmen's Compensation reports show that line continuing in the black, even though at a reduced rate. 1958 showed a 98.0% loss and expense ratio, the highest of the past five years. The average for the period was 94.4%. It must be remembered that the results in this line are affected quite directly by general employment. When labor is employed full time and at good wages, it does not pay a workman to lie up as the result of an accident if he can continue on his job. Put another way, woe betide the line in a period of bad recession or depression. But at this juncture it is one of the brighter spots in the insurance field.

Auto physical damage showed a surprisingly good year, at 75.4 combined loss and expense. This is far-and-away the lowest figure for the five year period, and it helped ease the average down to 93.8%, a quite respectable profit margin of 6.2%.

Phoenix Fin. Analysts To Hold Luncheon Meeting

PHOENIX, Ariz.—The Phoenix Society of Financial Analysts will hold a luncheon meeting on April 29 at the Arizona Club. Guest speaker will be Paul G. Blazer of Ashland Oil & Refining Company.

As the meeting is limited to 44 members and guests, reservations should be made before April 27 with the Secretary of the Society. Tariff is $2.50.

Form Jame-Stern Co.

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Jame-Stern Company, Inc., is conducting a securities business from offices at 546 Grand Avenue. Officers are Carol E. Jame, President; Joseph A. Hunter, Vice-President; and Harry H. Stern, Secretary-Treasurer. All were with Wilson & Bayley.

A. C. Simmonds Heads N. Y. Fund Appeal

Albert C. Simmonds, Jr., Chairman of the Board of the Bank of New York, will serve as Chairman of the metropolitan division of the Greater New York Fund's 1959 appeal. Mr. Simmonds' acceptance was announced by Clifton W. Phalen, President of the New York Telephone Company, the Fund's general campaign Chairman for this year. Mr. Simmonds, who is also the Treasurer and a Director of the Fund, will direct the campaign to solicit more than 100,000 neighborhood businesses for firm contributions. The Fund will begin its 1959 appeal in May.

A. C. Simmonds, Jr.

Detroit Basis Club Schedules 2 Outings

DETROIT, Mich. — The Basis Club, the young men's bond club of Detroit, has announced a stag Golf outing to be held on Friday, May 29, at the Lakepoint Country Club, 22185 Masonic Boulevard, St. Clair Shores, Michigan.

Members and their guests are scheduled to tee off at 2:00 p.m. with cocktails and dinner afterwards.

Preparations for the affair are in the hands of the Committee Chairmen, Don Richardson of Nauman McFawn, Pat Inman, of Kenower, MacArthur and Peter Higbie of First of Michigan.

The Second Annual Basis Club summer outing has also been announced for August 14 and 15 at the St. Clair Inn and Country Club —St. Clair, Michigan.

Members and their wives and guests will be looking forward to a weekend of golf, swimming, water skiing and bridge. A cocktail party and dinner are planned for Friday evening with a special event scheduled. About 75 members and their guests are expected to attend.

Reservations may be made with Ed Parr of Merrill Lynch, Pierce, Fenner & Smith, or John Taylor, Committee Chairman, of First of Michigan Corporation.

John J. Lynch, Dir.

Chicago Aerial Industries, Incorporated, Melrose Park, Illinois, avionics manufacturer, has announced the election of John J. Lynch, of the investment banking firm of Blyth & Co., Inc., to the Board of Directors. The additional board position is in line with Chicago Aerial's continuing program of expansion in the avionics and missile field.

Joins J. C. Bradford

J. C. Bradford & Co., members of the New York Stock Exchange, announced that Lee M. Rehill is now associated with the firm as a registered representative in the New York office, 44 Broad Street. He was formerly with Reynolds & Co.

Midwest Exch. Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has announced the election of Glenn E. Anderson, Carolina Securities Corporation, Raleigh, North Carolina, to membership in the Exchange.

With Midland Investors

COLUMBUS, Ohio—Saul Sokol is now with Midland Investors Company, 52 East Gay Street.

New Hardy Branch

Hardy & Co., members of the New York Stock Exchange, have announced the opening of a midtown New York office at 543 Madison Avenue. Cyrus S. Fisher is the resident partner in charge of the new office, and associated with Mr. Fisher are Stanley W. Katz, manager, and Arthur H. Wolf, registered representative. Headquarters of Hardy & Co. are located at 30 Broad Street, New York City.

Carr Rigdon Opens

WASHINGTON, D. C. — Carr-Rigdon and Company has been formed with offices at 1129 Vermont Avenue, N. W. to engage in a securities business. Joseph O. Wall is a principal.

Victoreen Instrument Common Stock Offered

The Victoreen Instrument Co. is offering to the holders of its outstanding common stock and debentures of record on April 16, 1959 rights to subscribe for 247,159 additional shares of common stock at a price of $9.75 per share.

Holders of the company's $1 par value common stock will be entitled to purchase one new share for each four shares held; holders of 6% convertible subordinated debentures will be entitled to purchase eight shares for each $100 of debentures. Rights will expire at 3:30 p.m., (Daylight Saving Time) May 7, 1959.

The company, whose headquarters are in Cleveland, Ohio, and a subsidiary, produce medical X-ray measuring equipment, radiation detection devices and other specialized electronic component parts. Victoreen Instrument owns 91% of the outstanding stock of Kolux Corp., a Kokomo, Ind., outdoor advertising company.

Consolidated sales of the company in the year ended Dec. 31, 1958 (Kolux for eight months) totaled $5,449,000 and net income was $243,000.

Now With Reynolds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Benton J. Case, Jr., has become affiliated with Reynolds & Co., 629 Second Avenue, South. He was formerly with the Northwestern National Bank of Minneapolis.

Named Directors

Robert A. W. Brauns, vice-president of the investment firm of McDonnell & Co. Incorporated, New York, and John G. Eidell, of McDonnell's San Francisco office, have been elected to the board of directors of Amacorp Industrial Leasing Company, Inc., Alhambra, Cal., it is announced.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Mrs. Martha G. Pattengale has joined the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges. Mrs. Pattengale was formerly with B. C. Morton & Co. and Slayton & Company, Inc.

The Over-the-Counter Market — Progressive and Panoramic

Continued from first page

a dozen large dealers and some of our country's largest commercial banks. These organizations have been very busy indeed, in recent months, reorienting their quotations in line with the highest bond interest rates in 25 years. There have been exciting periods of absorption and churning about, when new long term "governments" were offered, and especially last summer when a few thousand buyers who had bought "on the cuff" for profitable ride, saw their bonds slide off five points. And there remains in view the problem of just how much over 4% "long" governments will yield in these days of unbalanced budgets and swollen national debts. But whatever the yields on governments, the market that reflects their worth in depression or boom, is the Over-the-Counter Market.

All Kinds of Tax-Exempt Bonds

But "governments" and government instrumentalities are but one section of this huge Over-the-Counter Market in bonds. These are also the municipals — the obligations of all our political subdivisions from states and cities down to local school and drainage districts. With few exceptions all of these tax-exempt issues are placed and traded over-the-counter. In consonance with our rapidly rising school-age population, bonds issued to build new schools comprised a big segment of the municipal market in 1958; and that trend will continue this year.

We also see, by the hundreds of millions, a whole series of bonds which the prewar bond buyer scarcely heard about. They are the toll road bonds which have financed broad new ribbons of concrete and asphalt, eliminating hours, and hundreds of traffic lights, from the running time between dozens of our major cities. And these toll and superhighway bonds originated, and trade, only in the "Counter" market reflecting, in their daily quotations how well, or how poorly these premium highways have lived up to original projections of traffic and revenues.

Then, too, in many metropolitan areas, problems of commerce or transportation have arisen requiring the creation of special "authorities." These, in turn, customarily finance their constructions and improvements by marketing bond issues. So we see huge public corporations such as Port of New York Authority raising vast sums in bonds, traded over-the-counter, and nowhere else. Dozens of cities on both Coasts have relied on these "authorities" to improve harbors, piers and port facilities, or to build bridges, tunnels or terminals for more efficient transport and freight handling, and to attract new business to areas. The Over-the-Counter Market makes all this possible. In fact if your tax bracket is of such altitude that you can greatly improve your net income via tax exempt securities, you may wind up owning nothing but bonds like the foregoing.

Territorial, and many of the bond issues of Canada, Puerto Rico and the Philippines have traditionally been traded in the Over-the-Counter Market. With Alaska now a State, and not a Territory, large emanations of debt securities for highways, schools and other public improvements may be expected there. All of these, too, will be over-the-counter items.

Sole Market for Bank and Insurance Stocks

Most of our large financial institutions wherein stock is publicly held, are traded over-the-counter. In the past six months there have been livelv swings in such outstanding life insurance equities as Connecticut General Life; Continental Assurance; Republic National Life of Dallas, and Franklin Life; not to mention the upswing in Columbian Life animated by its merger into Hartford Fire.

The banks of the country turned in fine earnings reports for 1958. To become a stockholder in any of the 14,000 commercial banks in the United States, however, it is necessary to place your order in the Over-the-Counter Market. No U. S. operating bank is listed on an exchange (although there are a few listed bank holding companies). As you know, bank mergers and rumors of mergers are a current, and recurrent, phenomenon. Certain stockholders of New York Trust Co. have been eager for that institution to effect a merger; there were "near-miss" merger negotiations between Bankers Trust and Manufacturers Trust (in New York); and of course the resplendent merger of J. P. Morgan & Co., Incorporated, with Guaranty Trust Co. of N. Y., creating the country's fourth largest bank. Now these merger plans — the projected and the completed — depended on the Over-the-Counter Market for share valuations of each institution, and the appropriate terms for allocation of the equity in the proposed new financial institution.

The Ebullient Electronic Issues

If there was an over-the-counter performance "Oscar" to be given to any group in 1958, it would, no doubt, have been presented to the electronics section. This was, indeed, the most fashionable and glamorous. Spectacular market gains were recorded by Epsco, Inc., D. S. Kennedy, Milgo, Analogue Controls, Inc., Acoustica, Ampex (which became listed later in the year), Ling Electronics Radiation, Inc., Jarrell-Ash, Perkin-Elmer, High Voltage Engineering, and Orradio. All these shares trade in the Over-the-Counter Market; and there were dozens more to choose from. This will be a good section to watch again in 1959, as many electronic companies will score new highs in earnings, and a number are logical candidates for merger right now.

Why It's the World's Largest Market

The world's largest market is a great place for beverages. You can buy stock in Anheuser Busch, Duffy-Mott (apple juice), Chock-Full O'Nuts (coffee), Pabst Brewing, Pepsi Cola Bottling, all Over-the-Counter; and if your taste runs to just plain water consider California Water Service, New York Water Service, Northeast Water (Pfd.), General Waterworks and Ohio Water Service.

For sportsmen there's quite a selection to be made, beginning with Los Angeles Turf Club (Santa Anita Track) if price is no object, and including Eastern Racing Assn, Sports Arenas of Del., Monmouth Park (N. J.) and Revere Racing.

Then there are interesting oil shares — Aztec Oil, Canadian Superior, Colorado Oil and Gas, Husky Oil, Producing Properties, San Jacinto, Ultramar Ltd. and Union Oil and Gas.

The largest manufacturer of prefabricated houses, National Homes; the largest Motel Chain, Holiday Inns; the largest do-it-yourself carpentry company, Skil Corp.; the largest service corporation, American Express; the largest fire protection company, Grinnell Co.; the largest lumber company, Weyerhaeuser; the largest book publisher, Macmillan; the largest publisher of directories, R. R. Donnelley; the largest land development company, Arvida—all these eminent enterprises have their common stocks bought and sold in the Over-the-Counter Market and nowhere else.

Further, in 1958, the over-the-counter sector performed its traditional function as the Mother of Markets with a number of her illustrious offspring moving during the year, to exchange listing; Upjohn, Ampex, Champion Spark Plug, Tennessee Gas and Transmission, to name a few. The Over-the-Counter Market was also called upon to take over once again, when stocks such as F. L. Jacobs and E. L. Bruce were suspended from exchange listing.

Dividend Continuity Unparalled

So we just can't get along without this broadest, rangiest, most inclusive Over-the-Counter Market—the only one not confined to exchange floors and certain stipulated trading hours each day. And on the basis of quality, consider the magnificent tabulation which follows of companies of every industrial description, whose shares have paid continuous dividends for from 5 to 175 years in a row. That's the ultimate test of all good securities — whether bonds or stocks — to provide dependable income year after year through all the vicissitudes of politics, economics, peace and war. For fine investments, examine the Over-the-Counter Market!

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter Market, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

TABLE I
OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 175 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Abbotts Dairies, Inc. Dairy products	32	†0.96	42	2.3
Abercrombie & Fitch Retail sporting goods	21	2.00	33	6.1
Abrasive & Metal Products Abrasives	20	0.20	3¾	5.3
Acme Electric Corp. Mfg. of Electronic & Electrical equipment and transformers for electronic and electrical industries	20	0.25	12¼	2.0
Acushnet Process Co. Molded rubber products and Golf balls	*22	1.00	22	4.5
Aeolian American Corp.	a19	0.06	5¾	1.0
Aetna Casualty & Surety Co. (Hartford) Casualty, surety, fire and marine insurance	51	2.40	180	1.3
Aetna Insurance (Hartford) Fire, marine, casualty and surety business	87	2.60	78	3.3
Aetna Life Insurance Co. (Hartford) Life, group, accident, health	25	3.40	241	1.4
Agricultural Insurance Co. Diversified insurance	95	1.60	37¼	4.3
Aircraft Radio Corp. Communication and navigation equipment and accessories	25	0.80	28½	2.8
Akron, Canton & Youngstown Railroad Co. Ohio carrier	13	0.65	18	3.6
Alabama Dry Dock & Ship Building Co. Shipbuilding and repair	25	†3.91	70	5.6
Alamo National Bank (San Antonio)	23	2.00	64	3.1
Alba Hosiery Mills, Inc. Silk and nylon hosiery	19	0.40	5¼	7.6
Albany & Vermont RR. Co. Local carrier	32	2.25	48	4.7
Alexander Hamilton Institute Inc. Publishing executive training courses	13	1.00	11	9.1
Allentown Portland Cement Co., Class A Portland cement	13	1.30	23½	5.5
Allied Finance Co. Installment financing	*17	1.00	34	2.9
Allied Gas Co. Natural gas distributor	11	1.00	21	4.8
Allis (Louis) Co. Generators and electric motors	*22	2.00	32½	6.2
Aloe (A. S.) Co. Medical supplies	24	†0.99	63	1.6
Alpha Beta Food Markets, Inc. California super markets	13	0.90	22½	4.0
American Aggregates Corp. Gravel and sand	18	1.00	25¼	4.0
American Air Filter Co. Filters and miscellaneous heating and ventilating equipment	25	2.00	81½	2.5
American Box Board Co. Manufacturer paperboard, folding paper boxes, corrugated and fibre shipping containers	18	†0.96	36½	2.6
American Cement Corp. Manufactures cement and cement paint	*19	0.75	26⅛	2.9
American Commercial Barge Line	a18	1.00	21	4.8
American District Telegraph Co. Electric protection services.	56	1.95	74	2.6
American Dredging Co. Dredging operations	*16	4.00	85	4.7
American Druggists Insurance Co. (Cinc.) Writes Fire Insurance and extended coverage for druggists only	*34	†2.25	65	3.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

Continued on page 28

Continued from page 27

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Amer. Equitable Assurance Co. of New York — Fire, marine, multiple peril insurance, and allied lines	25	1.90	40½	4.7
American Express Co. — Money orders; travelers' cheques; foreign shipping; foreign remittances; credit cards	89	2.00	58¼	3.4
American Felt Co. — Manufacturer of felt	20	0.25	9	2.8
American Fletcher National Bank & Trust Co. (Indianapolis)	47	1.60	37¼	4.3
American Forest Products Corp. — Manufacturers and distributors of forest products and corrugated containers	32	†0.98	29¼	3.4
American Forging & Socket — Manufactures automotive hardware	16	0.25	10	2.5
American Furniture — Large furniture manufacturer	19	0.20	3⅜	5.9
American General Insur. Co. — Fire and casualty insurance	30	0.60	44	1.4
American Hair & Felt — Miscellaneous hair & felt products	17	1.40	18	7.8
American Hoist & Derrick — Hoists, cranes, cargo equipment	19	1.20	20¼	5.9
American Hospital Supply — Large variety of hospital supplies	12	1.65	63½	2.6
American Insulator Corp. — Custom moulders of plastic materials	18	0.80	12½	6.4
American Insur. (Newark) — Diversified insurance	86	1.30	27	4.8
American Locker, Class B — Maintains lockers in public terminals	16	0.30	3¼	9.2
American Maize Products — Manufactures various corn products	34	†1.90	86	2.2
American-Marietta Co. — Paints, chemicals, resins, metal powders, household products, cement and building materials	19	1.00	40⅝	2.5
American Motorists Insurance Company — Diversified insurance	29	0.24	18	1.3
American National Bank of Denver	25	12.00	250	4.8
Amer. Natl. Bank & Trust Co. (Chattanooga)	42	2.00	80	2.5
American National Bank and Trust Co. of Chicago	24	6.00	420	1.4
American Pipe & Construc'n — Boilers, tanks, pipelines	20	1.05	33¾	3.1
American Re-Insurance — Diversified insurance	37	1.45	45½	3.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
American Screw Co. — Manufacturer of cold forged threaded fasteners	61	1.20	49	2.4
American Spring of Holly, Inc. — Springs and wire forms	12	0.375	6⅛	6.1
American Stamping Co. — Pressed steel parts and stamping	22	0.90	13	6.9
American Steamship Co. — Freighters on Great Lakes	28	15.00	430	3.5
American Surety Co. — Insurance and suretyship	25	0.90	20¾	4.3
American Thermos Products Co. — Vacuum ware manufacturer	25	1.50	27¼	5.5
American Trust Co. (San Francisco)	23	1.60	53½	3.0
American Vitrified Products — Sewer pipe, bricks, tile	12	1.20	33	3.6
Amicable Life Insurance Co. — Life insurance	23	1.25	47	2.7
Ampco Metal, Inc. — Bronze alloys and products	23	0.50	7⅝	6.6
Anchor Casualty Co. (St. Paul) — Fire and Casualty Insurance	26	1.00	27	3.7
Anheuser Busch Inc. — Beer and other products	26	1.20	22⅛	5.4
Animal Trap Co. of America — Large variety of traps	22	0.80	11¼	7.1
Ansul Chemical Co. — Chemical and mechanical mfg.	34	1.05	21½	4.9
Apco Mossberg Co. — Tools and wrenches	16	0.10	5¼	1.9
Apex Smelting Co. — Aluminum smelting	27	2.00	36¾	5.4
Arden Farms Co. — Dairy products, groceries, meats, etc.	15	1.00	18½	5.4
Arizona Public Service — Electric and gas utility	39	1.18	42¼	2.8
Arkansas-Missouri Power Co. — Electric and gas utility	*22	1.00	22¾	4.4
Arkansas Western Gas Co. — Natural gas public utility, production and transmission	20	†0.89	26¼	3.4
Arrow-Hart & Hegeman Electric Co. — Electric wiring devices and controls	31	3.40	60	5.7
Arrow Liqueurs Corp. — Cordials and liqueurs	*14	0.35	9¼	3.8
Art Metal Construction Co. — Office furniture	23	2.00	32¾	6.1
Associated Spring Corp. — Precision springs	25	1.10	18	6.1
Atlanta Gas Light — Operating public utility	*22	1.60	39¾	4.0
Atlanta & West Point RR. Co. — Georgia carrier	19	1.00	40	2.5
Atlantic City Sewerage Co. — Sewerage service	36	1.00	17	5.9
Atlantic Company — Ice, coal, cold storage and E-Z Curb Service Stores	14	0.625	12½	5.0
Atlantic National Bank of Jacksonville	55	1.20	51	2.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Auto Finance Co. — Investments, automobile financing and insurance	22	1.20	33¼	3.6
Automobile Banking Corp. — Auto financing & personal loans	38	0.70	10	7.0
Avalon Telephone Co. — Operates in Newfoundland	32	0.40	8¼	4.8
Avondale Mills — Cotton fabrics and yarns	55	1.20	19½	6.2
Avon Products — Cosmetics and toiletries	40	†1.39	84	1.7
Ayres (L. S.) & Co. — Operates Indianapolis dept. store	24	†1.19	22	5.4
B/G Foods, Inc. — Restaurant chain	15	0.90	16	5.6
B. M. I. Corp. — Detroit real estate	23	1.00	18	5.6
Badger Paint & Hardware Stores, Inc. — Manufacturer, wholesaler, retail of paints, etc.	29	1.50	40	3.8
Badger Paper Mills — Sulphite pulp and paper	25	4.00	80	5.0
Bagley Building Corp. — Detroit real estate	22	0.30	13⅝	2.2
BancOhio Corp. — Holding company—banks	29	†1.59	48	3.3
Bangor Hydro-Electric Co. — Operating public utility	35	1.90	36¾	5.2
Bank of Amer. NT&SA — Nation's largest bank	26	1.80	41½	4.3
Bank Building & Equipment Corp. of America — Building design and construction	20	†1.18	21½	5.5
Bank of California, N. A.	80	1.325	45	2.9
BANK OF THE COMMONWEALTH (DETROIT MICH.) — ● See Bank's advertisement on page 46.	22	5.00	175	2.9
Bank of Delaware	162	4.50	109	4.1
Bank (The) of New York	174	†9.33	250	3.7
Bank of the Southwest National Association, Houston	51	1.60	59	2.7
Bank of Virginia (The)	35	1.00	24	4.2
Bankers Bond & Mortgage Guaranty Co. of America — Mortgage financing	13	0.30	10	3.0
Bankers Building Corp. — Chicago office building	13	3.00	60	5.0
Bankers Commercial Corp. — Industrial and financial financing	21	2.50	31	8.1
Bankers & Shippers Insur. — Multiple line insurance	34	2.40	64	3.8
Bankers Trust Co., N. Y.	55	3.00	75⅛	4.0
Barnett National Bank of Jacksonville	60	1.88	67½	2.8
Bassett Furniture Industries Inc. — Complete line of domestic furniture	*23	1.00	21¼	4.7
Bates Manufacturing Co. — Cotton and rayon fabrics	13	0.60	9	6.7
Baush Machine Tool Co. — Drills and boring mills	17	1.25	18	6.9
Baxter Laboratories, Inc. — Manufacturers of pharmaceuticals	26	0.74	45	1.6
Baystate Corp. — Bank holding corporation	32	1.10	25¼	4.4
Beauty Counselors, Inc. — Wholesaler: Cosmetic and toilet preparations	25	†0.57	29	2.0
Belknap Hardware & Mfg. — Hardware & furniture wholesaler	31	0.85	13⅜	6.4
Bell & Gossett Co. — Pumps, tanks and valves	12	†0.49	12¾	3.8
Belmont Iron Works — Designer, fabricator and erector, structural steel	23	3.00	44	6.8
Belt RR. & Stock Yards Co — Operates livestock terminal mkt.	69	2.00	31½	6.4
Bemis Bro. Bag Co. — Manufacturer of paper, textile and plastic bags	38	1.60	39	4.1
Beneficial Corp. — Holding company affiliate of Beneficial Finance Company	31	b0.55	15⅛	3.6
Benjamin Franklin Hotel Co. — Philadelphia hotel	12	9.00	170	5.3
Berks County Trust Co. (Reading, Pa.)	23	1.10	23¼	4.7
Berkshire Gas Co. — Operating gas public utility	37	1.00	20¼	4.9
Bessemer Limestone & Cement Co. — "Portland" cement	17	2.50	57	4.4
Bibb Mfg. Co. — Textile manufacturer; Cotton goods; sheeting, etc.	72	2.00	35¼	5.7
Biddeford & Saco Water Co. — Operating public utility	38	5.00	97	5.2
Bird Machine Co. — Machinery for paper mills	23	1.75	25	7.0
Bird & Son — Asphalt shingles	34	0.70	19½	3.6
Birmingham Trust National Bank (Birmingham, Ala.)	14	†0.77	41	1.9
Black-Clawson Company — Makes paper and pulp mill equipment	27	1.00	16	6.3
Black Hills Power & Light — Operating public utility	19	1.44	31¾	4.5
Black, Sivalls & Bryson — Oil and gas equipment, steel products and control valves	a30	1.40	24¼	5.8
Bloch Brothers Tobacco Co. — "Mail Pouch" chewing tobacco	48	1.45	23	6.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
b Plus .01 share Continental Motor Coach Lines common for each share held.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Blue Bell, Inc. Manufacturer of work and play clothes	35	0.80	23	3.5
Boatmen's Natl. Bk. St. Louis	87	3.00	66	4.5
Bobbs-Merrill Co. Inc. Book publisher	18	0.50	18	2.8
Bornot, Inc. Chain of dry cleaning Establishments	31	0.10	10	1.0
Boston Insurance Co. Insurance other than life	86	1.80	34½	5.2
Bound Brook Water Co. Operating public utility	34	0.35	6¼	5.6
Bourbon Stock Yards Co. Louisville stockyards	51	4.00	60	6.7
Boyertown Burial Casket Miscellaneous funeral supplies	29	0.95	19	5.0
Branch Banking & Trust Co. (Wilson, N. C.)	59	1.00	30	3.3
Bridgeport Hydraulic Co. Supplies water to several Connecticut communities	69	1.675	33¼	5.0
Brinks, Incorporated Armored car service	67	1.80	37¼	4.8
Bristol Brass Metal fabricator	27	0.60	11	5.5
British-America Assurance Company Insurance other than life	25	4.00	112	3.6
British Mortgage & Trust Co. (Ont.) Mortgage loans & trust business	81	11.00	239	4.6
Brockton Taunton Gas Co. Operating public utility	38	0.95	17⅝	5.4
Brockway Glass Co. Glass containers	32	0.65	33	2.0
Brooklyn Garden Apartments, Inc. Own and operate two Brooklyn garden apartments	25	6.00	102	5.9
Brown-Durrell Co. "Gordon" hosiery and underwear	17	0.30	3⅝	8.3
Brown & Sharpe Mfg. Machine tools	*23	1.20	26½	4.5
Brunswig Drug Co. Wholesale drugs	25	†0.84	21	4.0
Bryn Mawr Trust Co. (Pa.)	15	1.80	51½	3.5
Buchanan Steel Products Corp. Manufacturing steel forgings	12	0.20	4	5.0
Buck Creek Oil Co. Crude oil producer	18	0.11	1¾	6.3
Buck Hills Falls Co. Hotel in Poconos	*34	0.60	17¼	3.5
Buckeye Steel Castings Co. Production of steel castings	22	1.50	29½	5.1
Bullock's Inc. Department and specialty stores	27	2.25	50½	4.5
Burgermeister Brewing Corp. Brewing of beer	a19	1.10	15½	7.1
Burgess-Manning Co. Industrial acoustics, radiant ceiling, recording and controlling instruments	15	2.00	46	4.3
Burnham Corp. Mfrs. boilers, radiators, greenhouses	12	1.00	24	4.2
Business Men's Assurance Co. of America Life, accident and health insurance	25	†0.24	40½	0.6
Butler Manufacturing Co. Metal products	21	2.00	42¼	4.7
Butlers, Inc. Southern shoe chain	20	0.60	14	4.4
Calaveras Land & Timber Corp. California timber lands	16	2.00	24	8.3
California Bank (L. A.)	38	2.00	69¾	2.9
California Oregon Power Operating public utility	17	1.60	35½	4.5
California Pacific Title Insurance Co. Title insurance	23	2.50	67	3.7
California-Pacific Utilities Operating public utility	16	1.60	33¼	4.8
California Portland Cement Cement and lime products	49	3.50	138	2.5
California Water Service Co. Public utility-water	28	2.40	48½	4.9
California Water & Telephone Co. Operating public utility	23	1.20	24¾	4.8
California-Western States Life Insurance Co. Life, accident & health insurance	21	†1.43	112	1.3
Camden Refrigerating & Terminals Co. Cold storage, warehouse business	13	0.50	40	1.3
Campbell Taggart Associated Bakeries, Inc. Bakery chain	*13	1.25	31	4.0
Cannon Shoe Co. Operation retail shoe stores and manufacturing of shoes	26	0.45	5½	8.2
Carolina Telephone and Telegraph Company Operates telephone exchanges	59	8.00	154	5.2
Carpenter Paper Co. Distributor of paper and paper products	62	1.80	38½	4.7
Carter (William) Co. Underwear	45	9.00	215	4.2
Carthage Mills, Inc. Felt base floor coverings	19	2.00	27	7.4
Cascades Plywood Corp. Plywood	12	1.75	27	6.5
Cavalier Apartments Corp. Owning and operating apartment house (Washington, D. C.)	17	2.00	38½	5.2
Central Bank & Trust Co. (Denver)	*13	†0.78	20	3.9
Central Coal & Coke Corp. Leases mines on royalty basis	12	1.00	28½	3.5
Central Cold Storage Co. Refrigeration	25	1.50	27	5.6
CENTRAL ELECTRIC & GAS CO. Electric & gas utility and through subsidiaries telephone service in several states ● See Company's advertisement on page 45.	17	0.975	22	4.4
Central Fibre Products Co., Voting Paperboards — Makes moulded products	26	1.50	32	4.7
Central Illinois Elec. & Gas Operating public utility	27	†1.28	36¼	3.5
Central Indiana Gas Co. Natural gas public utility	19	0.80	15⅞	5.0
Central Louisiana Elec. Co. Electric, gas and water utility	24	1.65	51½	3.2
Central Maine Power Co. Public electric utility	17	1.40	25⅝	5.5
Central National Bank of Cleveland	18	1.80	42½	4.2
Central National Bank & Trust Co. (Des Moines)	22	6.00	245	2.4
Central-Penn National Bank (Philadelphia)	131	2.20	46½	4.7
Central Soya Co. Soybean processing and mixing of livestock feed	18	†1.77	69	2.6
Central Steel & Wire Co. Metal processing and distribution	17	3.00	56	5.4
Central Telephone Co. Telephone service	14	1.00	24¾	4.0
Central Trust Co. (Cinn.)	22	2.80	74	3.8
Central Vermont Public Service Corp. Electric and gas utility	16	1.00	21½	4.7
Central Warehouse Corp., Class A Operates warehouse in Albany	21	0.60	7	8.6
Central West Co. Investment trust	24	0.30	5½	5.5
Chain Store Real Estate Trust Ownership and rental of improved real estate	22	5.25	80	6.6
Chambersburg Engineering Forging hammers, hydraulic presses	22	0.75	23½	3.2
Chance (A. B.) Co. Manufacturing products for Utility Line Construction & Maintenance	24	1.20	25¼	4.8
Chapman Valve Mfg. Co. Gate valves, fire hydrants	23	3.00	48	6.3
Charleston Natl. Bk. (W. Va.)	23	2.00	52	3.8
Charleston Transit Co. W. Va. bus operations	19	5.00	32¼	15.5
Chase Manhattan Bank	111	2.40	58	4.1
Chatham Manufacturing Co., Class A Woolen blankets	12	0.16	3½	4.6
Chemical Corn Exch. Bank	110	2.325	58⅜	4.0
Chenango & Unadilla Telephone Corp. Operating telephone company	33	1.35	26	5.2
Chicago, Burlington & Quincy RR. Co. Midwest carrier	97	7.50	145	5.2
Chicago City Bk. & Trust Co.	24	5.00	190	2.6
Chicago Medical Arts Building Corp. Office building	13	2.50	40	6.3
Chicago Mill & Lumber Wood boxes	19	1.25	23¼	5.4
Chicago Molded Products Corp. Plastic molders	20	0.40	8⅝	4.6
Chicago Title & Trust Co.	24	5.00	94	5.3
Chilton Co. Publisher of business magazines	22	1.00	24	4.2
China Grove Cotton Mills Co. Combed yarn manufacturer	35	2.00	44	4.5
Christiana Secur. Co. Holding company	*33	450.00	14,200	3.2
Circle Theatre Co. Real estate holding company	23	2.00	34¼	5.8
Citizens Commercial & Savings Bank (Flint, Mich.)	24	2.25	79	2.8
Citizens Fidelity Bank & Tr. (Louisville)	40	1.60	43	3.7
Citizens Natl. Trust & Savings Bank (Los Angeles) Name was changed in Feb. 1959 to Citizens National Bank (Los Angeles)	65	2.25	61½	3.7
Citizens & Southern National Bank (Savannah)	54	†1.49	46¾	3.2
Citizens & Southern National Bank of S. C. (Charleston)	31	2.00	49	4.1
Citizens Utilities Co., Cl. B Public utility	21	1.00	23¾	4.2
City National Bank & Tr. Co. (Chicago)	18	3.00	90	3.3
City Nat. Bank & Trust Co. (Columbus, Ohio)	24	1.00	27½	3.6
City National Bank & Tr. Co. (Kansas City)	*31	0.80	117	0.7
City Title Insurance Co. Title insurance	21	0.40	7	5.7
City Trust Co. (Bridgeport, Conn.)	a105	1.40	32	4.4
Cleveland Builders Supply Manufacturers and distributors of building materials	21	0.50	31	1.6
Cleveland Quarries Co. Building and refractory stone	19	0.30	12¼	2.4
Cleveland Trencher Co. Manufacturer of mechanical trench excavators	11	0.10	10⅝	0.9
Cleveland Trust Co.	23	6.00	335	1.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Cleveland Union Stock Yards Company Operates livestock yards	53	0.625	7¼	8.6
Coca-Cola (Los Angeles)	35	1.60	32	5.0
Coca-Cola (New York)	20	1.00	21¼	4.7
Coca-Cola (St. Louis)	31	0.60	12¼	4.9
Collins Co. Farm and cutting implements	*44	4.00	90	4.4
Collyer Insulated Wire Manufacturer of insulated wire and cable	41	2.00	36½	5.5
Colonial Life Insurance Co. of America Non-participating life insurance	13	1.00	145	0.7
Colonial Stores Retail food stores in Southeast and Midwest	18	1.10	25½	4.3
Color-Craft Products, Inc. Wall coverings	11	0.25	3	8.3
Colorado Central Power Co. Operating electric public utility	25	1.36	39	3.5
Colorado Interstate Gas Co. Natural gas transmission	24	1.25	55½	2.3
Colorado Milling & Elevator Flour and prepared mixes for baking	14	1.40	26	5.4
Columbian National Life Insurance Co. Life, accident and health	17	2.00	130	1.5
Commerce Trust (K. C.)	23	3.00	94¾	3.2
Commerce Union Bank (Nashville)	43	1.00	44	2.3
Commercial Banking Corp. Dealer financing	11	0.60	8	7.5
Commercial Discount Corp. Commercial financing	13	0.30	13	2.3
Commercial Shear, & Stamp. Pressed metal products, hydraulic oil equipment and forgings	24	1.00	19	5.3
Commercial Trust Co. of New Jersey (Jersey City)	54	m3.50	87½	4.0
Commonwealth Land Title Insurance Co. Title insurance	14	2.80	48	5.8
Commonwealth Life Insurance Co. (Ky.) Life Insurance (no accident & health)	18	0.20	27½	0.7
Commonwealth Trust Co. of Pittsburgh	57	†0.96	35	2.7
Community Hotel Co. (Pa.) York Pa., hotel	12	6.00	92	6.5
Concord Elect. (New Eng.) Operating public utility	54	2.40	41½	5.8
Conn (G. C.), Ltd. Top manufacturer of band instruments	11	†0.58	16½	3.5
Connecticut Bank & Tr. Co.	145	1.80	39	4.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
m Plus a 17½% stock dividend paid on Feb. 1, 1958.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Connecticut General Life Insurance Co. Life, accident and health insurance (group and individual)	81	2.00	361	0.6
Connecticut Light & Power Operating public utility	37	1.025	24⅜	4.2
CONNECTICUT NATIONAL BANK (BRIDGEPORT, CONN.) ● See Bank's advertisement on page 44.	18	0.80	16⅝	4.8
Connecticut Printers, Inc. Commercial printing	79	1.75	28	6.2
Connohio, Inc. Sale of ice & oil, & warehousing	13	0.20	2½	8.0
Consolidated Dearborn Owns office buildings in Chicago and Newark	13	1.40	22½	6.2
Consolidated Dry Goods Co. Department store chain	17	3.15	60	5.3
Consolidated Metal Products Corp. Owns railroad equipment patents	24	3.00	54	5.6
Consolidated Naval Stores Holding company, diverse interests	26	30.00	725	4.1
Consolidated Rendering Co. Tallow, grease, meat scrap, fertilizers, hides and skins	24	2.00	25½	7.8
Consolidated Theatres, Ltd., Class B Canadian theatre chain	11	0.20	2½	8.0
Consol. Water Pwr. & Paper Manufactures paper and paper products	26	1.20	35½	3.4
Continental American Life Insurance Co. Participating life	*34	1.60	62	2.6
Continental Assurance Co. Life, accident and health	46	1.20	171	0.7
Continental Casualty Co. Diversified insurance	25	c1.40	110	1.3
Continental Illinois National Bank and Trust Co. of Chicago	24	†3.90	114½	3.4
Cook Electric Co. Wire communication equipment	12	0.15	35½	0.4
Copeland Refrigeration Corp. Refrigerators and air conditioning	13	0.55	16⅜	3.4
Corduroy Rubber Co. Tires and tubes and rubber parts	20	3.00	34	8.8
Cornell Paperboard Products Wall & paperboard & containers	18	1.00	19	5.3
County Trust (White Plains)	*55	†0.49	34¾	1.4
Cowles Chemical Co. Mfg. industrial chemicals	20	0.60	13¼	4.5
Creamery Package Mfg. Co. Food processing and refrigerating machines and farm coolers	72	2.00	36	5.6
Crompton & Knowles Corp. Looms, dyestuffs, packaging equipment and reinforced plastics	30	0.75	16¼	4.6
Crown Life Insurance Co. Life, accident and sickness; also annuities	36	2.30	150	1.5

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
c Plus one share of United States Life Insurance Co. for each 25 shares held.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Cuban Telephone Co. Operating public utility	16	8.00	94	8.5
Cumberland Gas Corp. Operating public utility	12	0.60	8⅜	7.2
Cummins Engine Co. Diesel and gas engines	11	†0.95	64½	1.5
Curlee Clothing Co. Men's suits and overcoats	20	0.60	12½	4.8
Dahlstrom Metallic Door Co. Doors, mouldings, cabinets	17	0.80	15	5.3
Dallas Transit Co. Local transit facilities	17	0.35	7½	4.7
Darling (L. A.) Co. Manufacturing display equipment	12	0.50	10¾	4.7
Dayton Malleable Iron Co. Iron and steel castings	24	0.15	15½	1.0
De Bardeleben Coal Corp. Bituminous coal	11	6.00	96	6.3
Dean & Co. Auto financing	22	0.60	13¼	4.5
Decker Nut Manufacturing Corp. Manufacturer of cold headed industrial fasteners	13	0.175	3¼	5.4
Del Monte Properties Co. Real estate	14	1.60	65	2.5
Delaware Railroad Co. Leased and operated by P.R.R.	60	2.00	36	5.6
Delta Electric Co. Hand lanterns and auto type switches, bicycle lamps and horns	23	1.00	16½	6.1
Dempster Mill Manufacturing Farm equipment	23	0.30	19	1.6
Dentist's Supply (N. Y.) Artificial teeth and other dental supplies	60	†1.23	25	4.9
Denver Natl. Bank (Denver) See Denver United States National Bank.				
Denver Union Stock Yard Co. Operating stockyards	41	4.00	69½	5.8
Denver United States National Bank Formed Dec. 31, 1958 via merger of Denver National Bank and United States National Bank of Denver.	a49	1.20	29½	4.1
Detrex Chemical Industries, Inc. Chemicals, equipment and ultrasonics	*12	1.00	27	3.7

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 47.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Detroit Aluminum & Brass Bearings and bushings	*13	0.55	9½	5.8
Detroit Bank & Trust Co.	24	1.85	50½	3.7
Detroit & Canada Tunnel Owns and operates international tunnel	18	1.00	16⅛	6.2
Detroit Harvester Co. Mfr. auto parts, farm equipment and power lawn mowers	23	0.80	17¼	4.6
Detroit International Bridge Operates bridge to Windsor	15	1.15	19	6.1
Detroit Mortgage & Realty Co. Real estate financing	20	0.075	2⅛	3.5
Detroit Stamping Co. Pressed metal parts & specialties	26	0.70	11¾	6.0
Diamond Portland Cement Manufacturer of Portland Cement	38	1.00	28	3.6
Dickey (W. S.) Clay Mfg. Co. Sewer and culvert pipes, tiles	13	1.40	33½	4.2
Dictaphone Corp. Manufacture and sale of Dictaphone, dictating, recording and transcribing machines	33	†1.19	48¼	2.5
Dictograph Products Co. Inc. Manufacture and sale of Dictograph communications systems, home fire alarm systems, Acousticon and Monarch hearing aids	13	0.05	4⅝	1.1
Discount Corp. of New York Dealers in U. S. Treasury securities and bankers acceptances	40	32.00	210	15.2
Dixon (Joseph) Crucible Co. Lead pencils and all graphite products	22	1.20	20¾	5.8
Dobbs Houses, Inc. Restaurant and airline catering	13	†0.975	34¾	2.8
Dollar Savings & Trust Co. (Youngstown)	19	3.20	100	3.2
Donnelley (R. R.) & Sons Largest commercial printer in United States	48	†0.77	36½	2.1
Drackett Co. Manufactures soybean and household products	*26	0.85	26	3.3
Dravo Corp. Heavy engineering projects, marine equipment	20	2.00	54	3.7
Drexel Furniture Co. Furniture manufacturer	*23	1.40	25	5.6
Drovers Natl. Bk. (Chicago)	76	†0.78	24	3.3
Ducommun Metals & Supply Distributors of metals, tools and industrial supplies	24	†1.23	29¾	4.1
Duff-Norton Co. Industrial jacks and lifting equipment	69	n2.00	40½	4.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors
n Company actually paid $2.60 but 60c paid on Jan. 3, 1958 was out of 1957 profits.

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Coast Exch. Extends Wire Ticker Service

The Pacific Coast Stock Exchange is celebrating the First Anniversary of its leased wire ticker service by welcoming its hundredth subscriber—the Santa Monica Branch Office of member firm Paine, Webber, Jackson & Curtis.

Founded just one year ago, Pacific's rapidly expanding leased wire network has spread across the West and grown from 61 to 100 subscribers, an increase of 64%. It is the largest regional securities exchange ticker service network in existence. During the past 12 months this growing network has crossed the Oregon line with the installation of its tickers in Portland, Medford, Eugene and Salem. It has moved eastward over the Rockies into Colorado and installed its ticker service in Denver.

Other recent cities where Pacific's tickers have been installed in the past few months include Bakersfield, Beverly Hills, Hanford, Long Beach, Los Angeles, Palm Springs, Riverside, Sacramento, San Jose, Santa Ana, Santa Barbara, Sherman Oaks, Stockton, Ukiah, Vista, San Francisco (Chinatown), Corona del Mar, San Bernardino, Visalia and San Diego.

Pacific's ticker brings the minute by minute changes in the 550 stocks traded on the Pacific Coast Stock Exchange as well as Pacific's hourly volume; high, low and last hourly on the 10 most actively traded stocks on Pacific; bids or offers of blocks of stock; averages of 30 industrials, 20 rails and 15 utilities on a half-hourly basis; Standard and Poor's averages hourly and daily X-D announcements.

von Hoffmann Joins Harriman Ripley Co.

Harriman Ripley & Co. Incorporated, 63 Wall Street, New York City, underwriters and distributors of investment securities, have announced that Robert F. von-Hoffmann is now associated with their firm as a registered representative. He was formerly with L. F. Rothschild & Co.

Elected Director

Paul E. Manheim, a Partner in the investment banking firm of Lehman Brothers, in New York, has been elected to the Board of Directors of Ekco Products Company, Chicago housewares manufacturing firm, it was announced by Arthur Keating, Chairman of the Board.

Mr. Manheim is also a Director of Western Union Telegraph Co., The Lehman Corporation, The One William Street Fund, Inc., Security Title Insurance Co. and Chairman of the Board of Vertientes-Camaguey Sugar Company.

du Pont, Homsey Admits

BOSTON, Mass.—April 17 Walter R. Hennessey will be admitted to limited partnership in du Pont, Homsey & Company, 31 Milk Street, members of the New York and Boston Stock Exchanges.

Erdman to Admit

Erdman & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on April 16 will admit Edna K. Erdman to limited partner.

Makris Inv. Brokers

MIAMI BEACH, Fla.—Makris Investment Brokers has been formed with offices at 4730 North Bay Road to engage in a securities business. Partners are M. A. S. Makris and Clyde Levingston. Mr. Makris was formerly with Makris & Kakouris, and Kramer-Makris.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Dun & Bradstreet Inc. Credit and marketing reports and publications	26	1.80	45¼	4.0
Duncan Electric Manufacturing Co., Class B	21	1.00	19	5.3
Duriron Co. Corrosion resistant equipment	19	1.00	19½	5.1
Eason Oil Co. Oil and gas production	18	0.50	13¾	3.6
Eastern Racing Assn. Suffolk Downs	18	0.30	4⅝	6.5
Eastern Utilities Associates Holding company, New England public utilities	31	2.20	39¾	5.5
Eaton Paper Corp. Manufactures social stationery, typewriter paper, social and business record books	14	4.50	70	6.4
Economics Laboratory, Inc. Chemical compound manufacturers	23	†0.77	22½	3.4
Ecuadorian Corp., Ltd. (Bahamas) Holding co.—brewing interests	21	1.00	13⅜	7.5
Edgewater Steel Co. Circle E. rolled steel railroad wheels and tires, steel rings and forgings	37	2.50	42½	5.9
Edison Sault Electric Co. Electric utility	24	0.80	16¾	4.8
Egry Register Co. Autograhic registers	20	0.50	20	2.5
El Paso Electric Co. Public utility	31	1.00	35½	2.8
El Paso Natl. Bank (Texas)	25	2.40	56	4.3
Electric Hose & Rubber Co. Rubber hose	20	1.50	34	4.4
Electrical Products Consol. Electrical signs	24	2.05	36½	5.6
Electro Refractories & Abrasives Corp. Manufacturer of crucibles, refractories and abrasive products	25	0.60	13⅛	4.6
Elizabethtown Consolidated Gas Co. Natural gas distributing utility	66	1.60	41	3.9
Elizabethtown Water Co. (Consolidated) Operating public utility	36	2.00	46½	4.3
Emhart Manufacturing Co. Glass industry machinery	13	1.60	47¾	3.4
Empire State Oil Oil production and refining	12	0.30	8⅜	3.6
Empire Trust Co. (N. Y.)	53	†2.97	216	1.4
Employers Casualty Co. Fire and Casualty Insurance	*35	2.00	60	3.3
Employers Reinsurance Corp. Multiple line reinsurance	45	1.45	48	3.0
Equitable Trust Co. (Balt.)	44	†0.99	64	1.5
Equity Oil Co. Crude oil production	11	0.40	36½	1.1
Erie & Kalamazoo RR. Leased by New York Central	110	3.00	45	6.7
Erie Resistor Corp. Electronic products and molded plastics	20	†0.14	9⅛	1.5
Erlanger Mills Corp. Textile holding and operating co.	13	0.80	13¾	5.8
Erwin Mills, Inc. Textile mills	34	0.60	11⅜	5.3
Essex Co. Water power to mills	48	2.00	51	3.9
Excelsior Life Insurance Co. (Toronto) Participating & non-participating	*31	1.40	155	0.9
Exeter & Hampton Electric Company Operating public utility	51	2.60	43	6.0
Exeter Manufacturing Co. Cotton and glass fabrics	18	1.00	40	2.5
Exolon Co. Manufacture artificial abrasives and magnetic separators	25	1.55	30½	5.1
Faber Coe & Gregg, Inc. Tobacco wholesaler	25	3.40	53½	6.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Fafnir Bearing Co. Manufacturer of ball bearings	46	†2.69	81	3.3
Fall River Gas Co. Operating public utility	*50	1.50	28	5.4
Farmers & Merchants Bank of Long Beach (Calif.)	24	3.00	73	4.1
Farrel-Birmingham Co. Mfrs. of heavy machinery	24	2.00	36½	5.5
Fate-Root-Heath Co. Manufactures diesel locomotives, ceramic machinery and lawn-mower and saw sharpeners	25	1.10	15½	7.1
Faultless Rubber Miscel. rubber goods, sponges	34	1.20	26	4.6
Federal Bake Shops, Inc. Chain of retail bake shops	23	0.45	6⅜	7.1
Federal Chemical Co. Fertilizers	15	6.00	72	8.3
Fed. Compress & Warehouse Cotton compress and warehousing	33	1.35	25	5.2
Federal Insurance Co. Multiple line insurance	57	0.90	61	1.5
Federal Screw Works Screws and machines	18	0.75	12	6.3
Federal Sign & Signal Corp. Electric signs, sirens, lights, traffic and highway signs	11	†1.36	39	3.5
Federated Publications, Inc. Michigan newspapers	24	4.70	96	4.9
Federation Bank and Trust Co. (New York)	23	1.45	33¼	4.4
Fidelity-Baltimore Natl. Bk. (Baltimore)	54	2.00	51	3.9
Fidelity-Philadelphia Trust	94	4.25	87½	4.9
Fidelity Trust Co. (Pgh.)	75	3.50	90	3.9
Fidelity Union Tr. (Newark)	66	†2.97	71½	4.2
Fifth-Third Un. Tr. (Cinn.)	22	2.40	55½	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Fifty Associates (Boston)	*13	50.00	1,250	4.0
Boston real estate				
Finance Co. of Pennsylvania	30	2.20	56½	3.9
Real estate and securities				
Fireman's Fund Insur. Co.	51	1.80	59⅛	3.0
Multiple line insurance				
Firemen's Ins. Co. (Newark)	22	1.30	38	3.4
Diversified insurance				
First Amer. Nat. Bk. (Nashv.)	21	†1.16	28¾	4.0
First Bank Stock Corp.	30	1.75	46¾	3.7
Bank holding company				
First Bank & Trust Co. (South Bend)	20	1.20	32	3.8
FIRST BOSTON CORP.	20	5.50	72½	7.6
Investment banking				
● See Corporation's advertisement on page 29.				
First Camden National Bank & Trust Co. (N. J.)	14	†0.97	23	4.2
First City Natl. Bk. (Houston	26	†1.96	69	2.8
First Natl. Bank of Akron	20	1.00	41	2.4
First Natl. Bank of Atlanta	93	1.60	36½	4.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
First Natl. Bank (Baltimore)	a153	2.50	57¾	4.3
First Natl. Bank (Birming.)	16	1.40	49½	2.8
First Natl. Bank of Boston	175	3.35	82½	4.1
First Natl. Bank (Chicago)	24	†6.80	349	1.9
First Natl. Bank of Cinn.	96	1.75	43½	4.0
First Natl. Bank in Dallas	84	1.40	35¼	4.0
First Natl. Bank of Denver	*42	†5.60	215	2.6
First National Bank of Fort Worth	25	1.00	25½	3.9
First Natl. Bank (Jersey City)	95	3.00	67	4.5
First Natl. Bank (K. C.)	69	†2.00	96	2.1
First Natl. Bank of Memphis	64	1.40	43½	3.2
First Natl. Bank (Miami)	56	1.55	45	3.4
First Natl. Bank (Mobile)	*34	4.50	115	3.9
First Natl. Bank (Omaha)	22	3.00	70	4.3
First Natl. Bank of Oregon	88	2.15	56¼	3.8
Name changed from First National Bank (Portland, Ore.) in August 1958.				
First Natl. Bank (St. Louis)	41	3.00	67¼	4.5
First Natl. Bank (Shreveport)	22	†1.37	47	2.9
First Natl. Bank (Wichita)	39	10.00	296	3.4
First Natl. Bk. T. (Okla. City)	31	1.00	34	2.9
First National Bank & Trust of Paterson, N. J.	94	†2.77	66	4.2
First National Bank and Trust Co. (Tulsa)	20	1.40	41½	3.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
First National City Bank of New York	146	3.00	74⅜	4.0
First National Exchange Bank of Roanoke	77	1.40	36	3.9
First National Trust & Savings Bank of San Diego	24	1.50	48½	3.1
First New Haven National Bank (Conn.)	23	1.40	29¾	4.7
First Pennsylvania Banking & Trust Co. (Phila.)	131	2.20	49	4.5
First Security Corp.	24	1.70	49	3.5
Bank holding company				
First Trenton National Bank	a*34	1.80	36	5.0
Formed Aug. 29, 1958 by merger of Trenton Banking Co., and First-Mechanics National Bank.				
First Western Bank & Trust Co. (San Francisco)	91	1.60	42¼	3.8
Fitchburg Gas & Elec. Light	100	3.00	55¼	5.4
Serves Massachusetts communities				
Florida National Bank (Jacksonville)	23	1.00	61	1.6
Florida Public Utilities Co.	16	0.65	19¾	3.3
Operating public utility				
Florida Telephone Corp. cl. A	18	0.90	27¼	3.3
Telephone company				
Foote Bros. Gear & Mach.	18	0.575	12¼	4.7
Gears and transmission equip.				
Foote-Burt Co.	30	0.40	16¼	2.5
Drilling, reaming, tapping machines				
Forbes & Wallace, Inc., Cl. B	23	1.75	21	8.3
Dept. store, Springfield, Mass.				
Fort Pitt Bridge Works	17	3.00	37	8.1
Structural steel fabrication				
Fort Wayne Corrugated Paper Co.	20	1.00	29¼	3.4
Corrugated shipping containers				
Fort Wayne National Bank (Indiana)	24	1.00	60	1.7
Ft. Worth National Bank	85	1.00	24¼	4.1
Fort Worth Transit Co.	11	0.40	5¾	7.0
Fort Worth bus service				
Fostoria Pressed Steel Corp.	21	1.00	25	4.0
Industrial lighting units				
Fourth Natl. Bank in Wichita	*34	†0.85	68	1.3
Fownes Brothers & Co.	12	†0.14	45	0.3
Gloves				
Fram Corp.	17	†0.91	20⅛	4.5
Manufacturer of oil, air, fuel and water filters				
Franco Wyoming Oil Co.	23	1.10	33¼	3.3
Oil production, exploration and development				
Frank (Albert)-Guenther Law, Inc.	16	0.60	15	4.0
Professional advertising agency				
FRANKLIN LIFE INSURANCE CO.	17	†0.38	83¼	0.5
Life insurance				
● See Company's advertisement on page 33.				
FRICK CO.	57	1.75	36	4.9
Refrigeration and air conditioning equipment				
● See Company's advertisement on page 47.				
Friedman (Louis) Realty Co.	12	0.40	8¾	4.6
New York City real estate				
Frontier Refining Co.	13	†0.24	13	1.8
Petroleum production, refining and marketing				
Fruit of the Loom, Inc.	14	1.50	23	6.5
Textiles				
Fuller Brush Co., Class A	37	5.00	95	5.3
Brushes				
Fulton Industrial Securities Corp.	24	0.36	4	9.0
Small loans				
Fulton Market Cold Storage	29	1.00	12⅛	8.2
Refrigerated warehousing				
Fulton Natl. Bank (Atlanta)	46	†1.20	33½	3.6
Galveston-Houston Co.	20	1.00	9¼	10.8
Holding company. Bus industry				
Garlock Packing Co.	54	0.875	30	2.9
Mechanical packings, gaskets, oil seals and mechanical seals				
Gary Natl. Bank (Indiana)	45	6.00	450	1.3
Gary Railways, Inc.	16	0.20	3⅜	5.9
Transportation holding company				
Gas Service Co.	15	1.44	34⅜	4.2
Natural gas distributor serving Missouri, Kansas, Oklahoma and Nebraska				
General Crude Oil Co.	21	1.00	28	3.6
Southern producer				
General Industries Co.	19	0.55	24	2.3
Plastics. Also makes small electric motors				
General Manifold & Ptg. Co.	14	0.50	7¼	6.9
Commercial printing				
General Metals Corp.	24	0.60	16⅛	3.7
Marine and other machinery				
GENERAL REINSURANCE CORP.	25	†1.91	72	2.7
All casualty, bonding, fire and allied lines				
● See Corporation's advertisement on this page.				
Genuine Parts Co.	13	1.50	54	2.8
Automotive parts				
Georgia Marble Co.	16	†1.43	29¾	4.8
Marble production				
Germantown Fire Insurance Company	11	2.75	92	3.9
Fire and allied lines insurance				
Giddings & Lewis Mach. Tool	22	2.00	29	6.9
Boring, milling and drilling machines				

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

Continued on page 34

Continued from page 32

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Gilbert & Bennett Manufacturing Co. Wire cloth	17	2.00	56	3.6
Girard Trust Corn Exchange Bank (Philadelphia)	122	2.40	53½	4.5
Gisholt Machine Co. Turret lathes and tools	24	1.00	15¾	6.3
Glatfelter (P. H.) Co. Pulp and paper manufacture	14	2.00	62½	3.2
Glen-Gery Shale Brick Corp. Brick manufacturing	13	0.40	6⅜	6.3
Glens Falls Insurance Co. Multiple line insurance underwriter	93	1.00	34¾	2.9
Glens Falls Portland Cement Portland and masonry cement	14	0.85	17½	4.9
Globe & Republic Insurance Co. of America Fire, marine, multiple peril coverages and allied lines	25	1.00	22¼	4.5
Goderich Elevator & Transit Co., Ltd. Grain elevator	55	1.50	24¾	6.1
Good Humor Corp. Well-known ice cream retailer	25	0.35	6⅝	5.3
Goodall Rubber Co., Class A Hose, belting and packings	25	0.50	8½	5.8
Gould Pumps, Inc. Pumps and water systems	11	1.50	38	3.9
Govt. Employees Insurance Insurance—casualty and fire	11	†0.95	127	0.7
Grace Natl. Bank of New York	12	6.00	325	1.8
Grand Trunk Warehouse & Cold Storage Co. Detroit ice manufacturer	16	2.00	46	4.3
Graniteville Co. Cotton fabrics	18	1.50	27	5.6
Great Amer. Ins. Co. (N. Y.) Diversified insurance	86	1.50	45⅝	3.3
Great Lakes Engineering Works Shipbuilders and engineers	36	0.30	15⅞	1.9
Great Southern Life Ins. Co. Life, accident and health	*34	1.60	88	1.8
Great West Life Assurance Co. (Winnipeg) Life, accident and health	59	4.30	280	1.5
Green (Daniel) Co. House slippers	*22	5.00	68	7.4
Green (A. P.) Fire Brick Co. Manufacturer of refractory products	33	1.00	26⅛	3.8
Green Giant Co., Class B Vegetable canning & distribution	*35	1.05	24	4.4
Gregory Industries, Inc. Stud welding equipment and welding studs	11	0.50	15½	3.2
Griess-Pfleger Tanning Co. Leather tanning	19	1.00	12¾	7.8
Grinnell Corp. Pipe fittings, sprinkler systems and piping systems	25	†3.81	192	2.0
Guarantee Co. of North America (Montreal) Guarantee, fire, and casualty	86	18.00	362	5.0
Guaranty Trust Co. (N. Y.)	67	4.00	91½	4.4
Gulf Insurance Co. (Dallas) Fire and casualty insurance	26	2.00	86	2.3
Gulf Life Insurance Co (Jacksonville, Fla.) Life and accident	27	0.50	24½	2.0
Gustin-Bacon Mfg. Co. Glass fibre insulation products	21	0.50	34½	1.4
Hagan Chemical and Controls, Inc. Water treatment chemicals	16	†1.59	73½	2.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Hajoca Corp. Plumbing, heating and air conditioning supplies	17	1.00	40½	2.5
Halle Bros Ohio merchandise distributors	44	†0.95	27	3.5
Haloid Xerox, Inc. (N. Y.) Formerly Haloid Co Name changed in April 1958	30	0.80	92	0.9
Hamilton Mfg Wood and steel products	20	1.00	18¾	5.3
Hamilton National Bank (Chattanooga, Tenn.)	*54	†1.82	66½	2.7
Hamilton National Bank of Knoxville, Tenn.	27	†7.30	305	2.4
Hanes (P. H.) Knitting Co. Underwear and sportswear	26	2.00	40	5.0
Hanna (M. A.), Class B Coal, iron, steel	25	3.00	133	2.3
Hanover Bank (The) (N. Y.)	106	†1.95	49½	3.9
Hanover Insurance Co. Insurance	106	2.00	43½	4.6
Harris Trust and Savings Bank (Chicago)	51	†2.55	102	2.5
Harrisburg Hotel Co. Penn-Harris Hotel	24	3.00	35	8.6
Hart-Carter Co. Grain handling equipment	19	1.10	16	6.9
Hartford Fire Insurance Diversified insurance	86	3.00	187	1.6
Hartford Gas Co.	109	2.00	41½	4.8
Hartford Natl. Bank & Trust	127	1.50	38¼	3.9
Hartford Steam Boiler Insp and Insurance Company Boiler and machinery insurance	88	2.50	112¼	2.2
Harvard Trust (Cambridge)	55	2.15	48	4.5
Haverhill Gas Co. Gas service	41	1.34	24½	5.5
Haverty Furniture Co. Holding company	24	†0.99	21½	4.6
Haytian American Sugar Co., S. A. Sugar production	16	2.00	32	6.3
Heidelberg Brewing Co. Beer and ale	14	0.20	5⅛	3.6
Hershey Creamery Produces dairy products in Pennsylvania	27	2.50	35½	7.0
Hibernia Bank (San Fran.)	11	3.00	69	4.3
Hibernia National Bank (New Orleans) Indiana drug chain	24	2.00	67½	3.0
Higbee Co. Department store	15	1.20	27½	4.4
Hines (Edward) Lumber Co. Timber logging and processing	18	d2.50	40	6.3
Holyoke Water Power Co. Electric and hydraulic power, industrial steam and real estate	89	1.20	40½	3.0
Home Dairy Co. Operation of food markets, cafeterias and bakeries	16	0.25	9	2.8
Home Finance Group, Inc. Holding company—auto financing	11	0.40	12¾	3.1
Home Insurance Co (N. Y.) Fire, Casualty and Life	87	2.00	46⅛	4.3
Home State Life Insurance Co. Life, accident & health	*13	†0.49	77	0.6
Home Telephone and Telegraph Company of Virginia Local and long distance phone service	38	0.36	6¼	5.8
Home Title Guaranty Co. (Brooklyn, N. Y.) Title insurance	18	1.00	16¼	6.2
Hook Drugs, Inc.	24	0.15	10½	1.4
Hooven & Allison Co. Ropes and twine	28	15.00	95	15.8
Hoover Co., class A Vacuum cleaners	16	1.05	25⅞	4.1
Hotel Barbizon, Inc. New York City	25	16.00	525	3.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
d Plus one share Northern Mineral Co. for each ten shares held.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Hotel Gary Corp. Indiana hotel	23	2.00	58½	3.4
Hotel Syracuse, Inc. 606 rooms	15	2.65	43½	6.1
Housatonic Public Serv. Co. Connecticut public utility company, gas and electric	17	1.40	28¼	5.0
Houston Natural Gas Corp. Southern Texas utility	23	†0.79	29⅝	2.7
Huntington National Bank of Columbus (Ohio)	47	1.80	57	3.2
Huston (Tom) Peanut Co. Confection and food products	22	2.10	57	3.7
Huyck (F. C.) & Sons Manufactures papermakers' felts, industrial fabrics, precision instruments and control devices	52	1.40	29	4.8
Idaho First Natl. Bk. (Boise)	26	1.00	35	2.9
Imperial Color Chemical & Paper Corp. Manufacturer of wallpaper and chemical pigment colors	a25	1.40	40	3.5
Imperial Sugar Co. Sugar refining	21	2.40	42	5.7
Indiana Gas & Water Co., Inc. Natural gas and water utility	13	†0.98	25	3.9
Indiana National Bank of Indianapolis	94	2.60	70½	3.7
Indiana Telephone Corp. Operating public utility	18	0.125	19	0.7
Indianapolis Water Co. Operating water utility	47	1.00	23	4.3
Industrial Bank of Commerce (New York)	24	2.00	35¾	5.6
Industrial Mortgage & Trust Co. (Ontario) Savings, trust and mortgages	*32	4.50	78	5.8
Industrial Natl. Bank (Prov.)	a167	†1.78	49½	3.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 47.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Insley Manufacturing Corp. Manufacture and sale of construction cranes, shovels, etc.	13	0.45	14	3.2
Insurance Co. of the State of Pennsylvania Diversified insurance	39	1.40	38	3.7
Inter-County Title Guaranty & Mortgage Co. Title insurance	11	5.00	265	1.9
Inter-Mountain Telephone Company Operating public utility	33	0.80	15¼	5.2
Inter-Ocean Reinsurance Co. Reinsurance—multiple lines	36	†1.80	36	5.0
International Holdings, Ltd. Investment trust — hydro-electric interests	20	1.10	31½	3.5
Interstate Bakeries Corp. Wholesale bread and cake bakeries	12	1.40	29	4.8
Interstate Co. Restaurant chain	14	†0.48	13¼	3.6
Interstate Financial Corp. Small loans	18	0.80	12¼	6.5
Interstate Securities Co. Automobile financing and consumer loans	32	0.90	18½	4.9
Investors Mortgage Company (Bridgeport) Real estate, insurance and mortgages	28	2.05	24	8.5
Iowa Public Service Co. Electricity supplier	20	0.80	18⅝	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

Spear, Leeds Branch

RED BANK, N. J. — Spear, Leeds & Kellogg has opened a branch office at 30 Linden Place under the management of Robert D. Viscount.

R. G. Jaeger Opens

MAPLEWOOD, N. J. — Robert G. Jaeger is conducting a securities business from offices at 20 Summit Avenue.

Allen Investment Branch

CASPER, Wyo.—Allen Investment Company has opened a branch office at 150 North Center, under the direction of Herbert J. Taylor.

Diran Norman Office

ROCKVILLE CENTRE, N. Y.—Diran, Norman & Co., Inc., has opened a branch office at 507 Merrick Road under the management of Girard A. Tiryakian.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Iowa Southern Utilities Co. — Public utility, electric, gas, steam heat	13	1.28	28⅝	4.5
Irving Trust Co. (N. Y.)	53	†1.59	38½	4.1
Ivey (J. B.) & Co. — Department store chain	28	1.00	17⅛	5.8
Jacksonville Gas Corp. — Operating public utility	15	0.595	9	6.6
Jahn & Ollier Engraving Co. — Photo-engraving and offset color positives	26	0.15	2⅞	5.2
Jamaica Water Supply Co. — Long Island water supplier	41	2.00	38¾	5.2
James Manufacturing Co. — Manufacturers of farm equipment	23	0.50	19¾	2.5
Jantzen Inc. — Sportswear manufacturing	18	†0.77	22½	3.4
Jefferson Electric Co. — Electrical devices	25	0.60	12⅛	4.9
Jefferson Standard Life Ins. — Life insurance	47	1.25	90½	1.4
Jenkins Bros. — Valves	24	2.00	46	4.3
Jersey Farm Baking Co. — General baking	13	0.10	3½	2.9
Jersey Insur. Co. of N. Y. — Multiple line insurance	a26	1.54	39	3.9
Jervis Corp. — Refrigerators and stove hardware	20	0.15	4⅝	3.2
Johansen Bros. Shoe Co. — Shoes for women	20	0.10	3½	2.9
Johnson Service Co. — Temperature and air conditioning controls	*24	2.00	80	2.5
Jones & Lamson Machine Co. — Lathes, grinders, comparators, threading dies	23	1.25	27	4.6
Joslyn Manufacturing & Supply Co. — Electrical and communication pole line equipment	24	2.10	57	3.7
Julian & Kokenge Co. — Women's shoes	31	1.00	18½	5.4
Kahler Corp. — Hotels, restaurant and laundry operator	43	1.60	28½	5.6
Kalamazoo Veg. Parchm't Co. — Pulp and paper, specializing in food protection papers	33	1.50	39½	3.8
Kanawha Valley Bank (Charleston, W. Va.)	*74	8.00	175	4.6
Kansas City Fire & Marine Insurance Co. — Multiple-line insurance	24	1.25	26	4.8
Kansas City Life Ins. Co. — Non-participating life	*35	8.00	1,580	0.5
Kansas City Structural Steel — Buildings, bridges and tanks	11	1.00	18	5.6
Kansas City Title Insurance Company — Title insurance, abstracts, escrow	19	2.50	58	4.3
Kansas-Neb. Natural Gas Co. — Natural gas production, transmission and distribution	22	1.80	38¼	4.7
Kearney (James R.) Corp. — Utility equipment	22	1.20	21	5.7
Kearney & Trecker Corp. — Milling machines	17	0.15	9⅛	1.6
Kellogg Co. (Battle Creek) — Leader in dry cereals	36	†1.00	37	2.7
Kendall Company (The) — Surgical dressings, elastic goods, textile specialties and pressure-sensitive industrial tapes	19	2.00	50	4.0
Kendall Refining Co. — Producing, refining and marketing of petroleum and its products	57	1.10	20	5.5
Kennametal Inc. — Hard carbide compositions, cutting tools and specialties	16	1.05	25	4.2
Kent-Moore Organization — Service station equipment	11	0.80	14	5.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

Continued on page 36

Securities Salesman's Corner

By JOHN DUTTON

Did It Ever Happen TO YOU?

When you are doing business with the good old public you learn a lot about people. I sometimes wonder how it is possible that some individuals have so little consideration for other people's time and yet that is the way of the world. Here are a couple of little stories from recent experiences of the past few weeks. Maybe some of the customers will appreciate them as well as the salesmen who read this weekly column.

It was a busy morning, one of our salesmen had his hands full answering phone calls, obtaining quotes, giving service, and executing a few bread and butter orders as well. Suddenly an excited voice asked him over the telephone, "What do you know about Squedunk Common?" Remembering that this was a penny stock that was recently offered at a dollar a share and was now trading at about one and a half, our alert and polite salesman answered, "Well, it's a new issue, and if I remember it's a highly speculative stock. It was offered at a dollar recently, we may have a prospectus here and I'll see if I can get hold of one and answer your questions."

With several calls waiting, he hustled out to the statistical department and picked up a prospectus. He picked up the telephone and started to talk when his customer said, "Don't you know about this stock without reading a long prospectus to me?" Nonplussed the salesman replied, "Well, what would you like to know?" The customer by this time seemed agitated and he asked, "What's the price; if it looks O.K. I might buy quite a block of it?" "Hold on," replied our salesman, and restraining his rapidly mounting blood pressure while also looking at the lights blinking on his phone, as other calls were waiting, he finally obtained a quotation from his trading department. This took several more minutes. Picking up the phone again, he said, "The market is 1½ bid offered at 1⅝." "Good," replied the customer, "put in my order for 50 shares at 1⅜." We carried him into the consultation room and after a half our of cold packs, ammonia, and a shot of scotch we are happy to report he is back at his desk again ready for action.

Advertise and You Will Succeed

Several weeks ago we ran an advertisement on some growth stocks that my firm likes. The response was unusually good but the orders received as yet have not been very gratifying. Picking up about a dozen leads that came in from out of town I wrote a short letter to those who had been previously contacted but as yet had not shown any inclination to investigate further. I enclosed a short report one one of the stocks and invited the prospect to write or phone me if interested in more information. I enclosed a self addressed envelope with postage paid.

The following letter was placed on my desk a few days later.

"Dear Mr. Dutton:

"Your letter to hand last week, and I am impressed by the XYZ stock, but I have a tractor and a lot of other farm implements that I find is had to sell. I have been a widow 27th of last April. My husband was a farmer and the tractor has only done 40 acres of land, a *case*, when I sell this tractor and other things I want to take 10 or 20 shares of XYZ stock.

"Hope it stays that price a little longer. I have never bought any stock, will write you as soon as I sell, and I think I can sell pretty soon.

"Julia T."

P. S.—I am sure Julia means well, and I know that she will be given every consideration, attention, and assistance when and if she sells the tractor. After all Julia never bought stock before and she sounds like a nice lady so even if it costs us $25 to obtain and process her order, for which we will charge her the minimum $6 commission, that's O.K. But when the fellow who wanted to buy the 50 shares of Squedunk at 1¼ indignantly asked our star salesman, "What's the matter with that order, how long have you been in the business?" and our salesman weakly replied, "Only 33 years," and quietly fainted away into a deep coma from which he was finally rescued as previously reported, that my friends, is the top story for this week.

The customer may always be right—but just How Right Can You Be, now I ask you?

Form Investment Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Paramount Mutual Fund Management has been formed with offices at 404 North Roxbury Drive to engage in a securities business. Officers are Joseph Lowitz, President; M. Pope Wager, Vice-President; and James Fischgrund, Treasurer.

R. E. Underwriters Formed

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Real Estate Underwriters, Inc. is engaging in a securities business from offices at 1344 Wilshire Boulevard. Officers are R. Benedick Brout, President, and Edward J. Golden, Vice-President.

North Idaho Brokerage

MOSCOW, Idaho — Walter R. Melgard is engaging in a securities business from offices at 110 East Fifth Street under the firm name of North Idaho Brokers Co.

Proposed Capital Spending by Business

McGraw-Hill survey finds industry in 1959 will make record expenditures on modernizing obsolete plants and equipment, with a cut-back on expansion. Increased expenditures on research and development during 1959-1962 looked for.

Industry expects to spend more this year than ever before to modernize obsolete plants and equipment. American business also plans to invest 7% more in new plants and equipment this year and to increase slightly its capital spending in 1960.

Dexter M. Keezer

These are two of the principal findings of the 12th annual McGraw-Hill survey of Business' Plans for New Plants and Equipment, announced April 17 by Dexter M. Keezer, Vice-President and Director of the Department of Economics, which conducted the survey.

Companies reporting in the survey employ 40% of all industry employees in the U. S. and more than 50% of all workers in industries where capital investment is highest — including petroleum, utilities, railroads, chemicals, autos and steel. (Their responses to the survey questionnaire were made during recent weeks.)

Major Emphasis on Modernization

Both in 1959 and in the years 1960-62, manufacturing companies plan to devote, on the average, 65% of their plant and equipment outlays to modernization. The dollar volume is the highest ever reported for this purpose in a McGraw-Hill survey.

Conversely, the proportion of capital spending devoted to expansion is smaller than in any previous survey. Manufacturing companies plan to spend only 35% of their outlays for expansion in 1959 and the same proportion in the years 1960-62.

Other key findings made by the survey were the following:

Manufacturing companies, which were operating at an average rate of 80% of capacity at the end of 1958, plan to increase their capacity about 4% a year during the next four years. This would make manufacturing capacity at the end of 1962 more than 80% greater than it was in 1950.

Sales Growth Expected

Sales of manufacturing companies are expected to be 9% higher this year and to show an additional increase of 18% by 1962.

Manufacturing employment is expected to rise less than half as rapidly as sales — 3% this year and 8% between 1959 and 1962. Industry anticipates substantial gains in productivity over this period—about 6% this year and 3% a year through 1962. (This figure applies mainly to large manufacturing companies and does not cover many other lines of employment.)

The flow of funds from depreciation will continue to rise, and by 1962, will be 21% greater than in 1958. Manufacturing companies estimate their depreciation deductions will rise 17%. This increasing source of funds will provide strong financial support for business' capital spending.

Record Outlays for Research and Development

Research and development conducted by business — which increased 12% in 1958, despite the recession — will increase further during 1959-62, assuring a continuing flow of new products and new processes.

Business this year is planning on a nine billion dollar budget for R & D. The $8.2 billion spent in 1958 set a record and was 12% over the 1957 total. Long-range plans now call for a rise to $10.6 billion by 1962. In view of the steep upward trend in research expenditures in recent years, this figure is almost certain to be exceeded.

Manufacturing companies are planning to invest $523 million in new research facilities in 1959—or 5% of their total outlays on new plants and equipment.

Mullaney, Wells Places Steel Door Corp. Bonds

Glenn Berry, President of Steel Door Corp., Birmingham, Mich., manufacturer of residential steel overhead garage doors, has announced completion of arrangements for a $400,000 12-year loan. Mullaney, Wells & Co., Chicago (Ill.) investment bankers, acted as agent.

Prudential Insurance Co., of America, through its north central home office in Minneapolis, Minn., will advance the funds.

Mr. Berry said proceeds of the loan (represented by first mortgage bonds due March 1, 1971) will be used for capital expenditures and working capital in connection with the company's business growth.

In N. Y. Fund Drive

Walter I. Conroy, Vice-President of The Chase Manhattan Bank and head of its largest Bronx branch, at 369 East 149th Street, will serve as Chairman for the Greater New York Fund's 1959 appeal throughout the Bronx business community. The announcement was made by Clifton W. Phalen, President of the New York Telephone Company, who is serving as the Fund's general campaign Chairman for this year.

Henry F. Swift Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—John P. Symes, Jr. has become affiliated with Henry F. Swift & Co., 490 California Street, members of the Pacific Coast Stock Exchange. He was formerly with Schwabacher & Co.

Joins Wilson, Johnson

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Ralph L. Phelps, Jr. is now with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the Pacific Coast Stock Exchange. He has recently been in business for himself and prior thereto was with First California Company.

Dean Witter Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—David A. Coquillard has been added to the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Kentucky Central Life & Accident Insurance Co. — Non-participating life	21	5.00	102	4.9
Kentucky Stone Co. — Crushed stone	16	†1.48	42	3.5
Kentucky Utilities Co. — Electricity supplier	20	1.37	36¼	3.8
Kerite (The) Company — Manufacture insulated wire and cable	27	1.50	30½	4.9
Kings County Trust Company, Brooklyn, N. Y.	69	4.00	108	3.7
Kingsburg Cotton Oil Co. — Cotton seed products	12	0.20	2⅛	9.4
Kingsport Press, Inc. — Book manufacturing	15	†0.78	36	2.2
Kinney Coastal Oil — Crude oil produced	17	0.17	2	8.5
Kirsch Company — Manufacture venetian blinds, drapery hardware and refrigeration hardware	12	1.00	16¼	6.2
Kittanning Telephone Co. — Communication	41	1.25	24	5.2
Knights Life Insurance Co. of America — Life insurance	38	†0.80	70	1.1
Knudsen Creamery Co. of California — Wholesale dairy products	19	1.20	35	3.4
Koehring Co. — Earth moving and construction equipment	18	0.55	16	3.4
Kuhlman Electric Co. — Manufacturer transformers, metal melting furnaces, and aluminum products, packaging	13	0.70	15⅝	4.5
Kuner-Empson Co. — Canned vegetables, bottled pickles	13	0.30	4½	6.7
Kuppenheimer (B.) & Co., Inc. — Manufacturer of men's clothing	18	1.00	19	5.3
La Salle Natl. Bk. (Chicago) — Makes and wholesales men's clothing	11	2.80	94	3.0
Laclede Steel Co. — Basic steel manufacturer	48	8.00	177	4.5
Lake Superior Dist. Pwr. Co. — Public utility (electric, gas and water)	22	1.20	24¾	4.8
Lakeside Laboratories, Inc. — Pharmaceutical products	11	1.25	83	1.5
Lake Superior & Ishpeming Railroad Co. — Operating railroad	35	1.60	30	5.3
Lake View Trust & Savings Bank (Chicago)	*39	†7.00	350	2.0
Lamston (M. H.) Inc. — Variety store chain	15	0.50	9½	5.3
Lang & Co. — Wholesale grocer	14	0.45	5	9.0
Latrobe Steel — High speed, tool and die, stainless steels	21	†0.63	22¼	2.8
Lau Blower Co. — Manufacture of air moving equip.	24	0.20	4½	4.4
Lee (H. D.) Co. Inc. — Mfr. of work, utility and play clothing	27	3.50	64	5.5
Leece-Neville Co. — Starting-light equipment for autos and aircraft	36	0.10	11⅜	0.9
Liberty Bk. of Buffalo (N.Y.)	14	1.55	36¼	4.3
Liberty Life Insurance Co. — Non-participating	17	1.00	118	0.8
Liberty Loan Corp. — Consumer credit	24	1.50	47	3.2
Liberty Natl. Bank & Trust Co. of Louisville	18	†2.46	56	4.4
Liberty Natl. Bank & Trust Co. of Oklahoma City	24	0.80	24½	3.3
Liberty National Life Insurance Co. — Life insurance	26	0.29	49	0.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Life & Casualty Ins. of Tenn. Life, accident and health	23	0.60	21⅞	2.7
Lincoln Natl. Bank & Trust Co. of Fort Wayne	19	2.40	68	3.5
Lincoln Natl. Bank & Trust Co. of Syracuse	25	†1.18	39	3.0
Lincoln Natl. Life Ins. Co. Life insurance	41	1.95	250	0.8
Lincoln Rochester Trust Co. (Rochester)	23	2.65	55	4.8
Lincoln Square Building Co. Springfield, Ill. real estate	25	11.00	125	8.8
Lincoln Stores, Inc. Dept. store chain in New England	29	0.10	9	1.1
Lincoln Telephone & Telegraph Co. Operating public utility	31	2.95	56½	5.2
Loblaw, Inc. Grocery chain	21	2.00	146	1.4
Lock Joint Pipe Co. Water and sewer pipe	23	†1.50	50	3.0
Loft Candy Co. Leader in the candy field	16	0.20	3½	5.7
Lone Star Brewing Co. Lager beer	14	2.00	32¼	6.2
Longhorn Portland Cement Manufacturer of Portland Cement	22	1.50	38	3.9
Lorain Telephone Co. Operating public utility	a63	1.40	32¼	4.3
Louisiana State Rice Milling Co. Rice and by-products	18	0.60	23	2.6
Louisville Title Mortgage Co. Title insurance on real estate	23	1.25	29	4.3
Louisville Trust Co. (Ky.)	16	1.45	32	4.5
Lucky Stores, Inc. Retail food chain on Pacific Coast	14	0.78	22¼	3.5
Ludlow Mfg. & Sales Jute and burlap	87	1.60	26	6.2
Ludlow Typograph Co. Typesetting equipment	14	†0.94	14	6.7
Luminator-Harrison, Inc. Automotive & electrical products	13	0.70	11	6.4
Lynchburg Foundry Co. Cast iron products	20	0.60	16½	3.6
Lynchburg Gas Co. Natural gas supplier	16	1.00	26	3.8
Lynn Gas & Electric Co. Operating public utility	52	1.60	34½	4.6
Lyon Metal Products, Inc. Fabricated steel products	22	†1.80	37½	4.8
Macco Corp. Oilfield construction and maintenance	11	0.60	14¼	4.2
Macmillan Co. Well-known book publisher	61	1.50	32½	4.6
Macwhyte Co. Wire, rope, cables	15	1.40	24	5.8
Mading Drug Stores Co. Houston drug chain	13	0.60	12½	4.8
Madison Gas & Electric Co. Public utility, gas and electric	50	1.80	50	3.6
Magor Car Corp. Railroad rolling stock	23	2.00	30	6.7
Mahon (R. C.) Co. Fabricated structural steel and sheet metal products	23	1.20	22¾	5.3
Maine Bonding & Casualty Co. Multiple line fire and casualty	a20	0.80	19	4.2
Manufacturers Life Insur. Co. Life insurance	*50	2.65	253	1.0
Mfrs. Natl. Bank of Detroit	20	1.80	43¼	4.2
Manufacturers & Traders Trust Co. (Buffalo, N. Y.)	72	1.20	26¾	4.5
Manufacturers Trust (N. Y.)	50	2.00	52½	3.8
Maremont Automotive Products, Inc. Auto parts	20	1.45	22	6.6
Marine Natl. Exchange Bank of Milwaukee	93	3.00	70	4.3
Market Basket (Los Ang.) Retail market chain	20	†0.69	31	2.2
Marlin-Rockwell Corp. Mfr. ball and roller bearings	35	1.10	18¼	6.0
Marshall & Ilsley Bk. (Milw.)	21	†1.76	66	2.7
Marshall-Wells Co. Manufactures and wholesales hardware and kindred lines	*14	11.00	350	31.4
Maryland Casualty Co. Diversified insurance	11	1.50	40⅛	3.7
Maryland Credit Finance Corp. Auto financing	12	1.75	26	6.7
Maryland Shipbuilding & Drydock Co. Ship construction, conversion, repairs and manufacturer of industrial products	25	†1.90	32½	5.8
Maryland Trust Co. (Balti.)	24	2.00	54½	3.7
Massachusetts Bonding & Insurance Co. Diversified insurance	23	1.60	39½	4.1
Massachusetts Protective Association, Inc. Accident and sickness insurance	26	1.50	73	2.1
Massachusetts Real Estate Co. Real estate	24	4.50	108	4.1
Mastic Asphalt Corp. Imprinted brick and insulating siding	21	0.20	4¼	4.7
Mathews Conveyor Co. Conveying equipment	13	1.50	22	6.8
Matthiessen & Hegeler Zinc Co. Zinc smelting and rolling. Manufacturers of sulphuric acid and ammonium sulphate	13	†0.77	30	2.6
Mayer (Oscar) & Co., Inc. Meat and meat processing	23	0.90	44	2.0
McCloud River Lumber Co. Western softwood lumber	24	4.00	75½	5.3
McCormick & Co. Inc. Manufacturers & distributors of spices, extracts, tea, etc.	35	1.40	25½	5.5
Meadville Telephone Co. Operating public utility	35	2.00	32	6.3
Medford Corp. Lumber manufacturer	19	7.00	185	3.8
Mellon Natl. Bank & Trust	54	†3.98	157	2.5
Melrose Hotel Co. Dallas residential and transient hotel	27	2.00	36	5.6
Mercantile National Bank of Chicago	23	†1.74	54	3.2
Mercantile National Bank at Dallas	24	1.20	40	3.0
Mercantile-Safe Deposit and Trust Co. (Baltimore)	92	5.00	104	4.8
Mercantile Trust (St. Louis)	57	3.00	66¼	4.5
Merchandise National Bank of Chicago	25	†0.94	32½	2.9
Merchants Acceptance Corp. Small loans and general financing	22	1.80	26¼	6.9
Merchants Fire Assur. Corp.	47	2.05	65	3.2
Merchants Fire Insurance Co. (Colorado) Fire and allied lines of insurance	50	0.30	10	3.0
Merchants and Manufacturers Insurance Co. of N. Y. Fire and allied lines of insurance	23	0.65	14¼	4.6
Merchants National Bank of Boston	128	2.00	45	4.4
Merchants National Bank in Chicago	21	1.50	48	3.1
Merchants National Bank of Mobile	57	3.25	81	4.0
Merchants National Bank & Trust Co. (Indianapolis)	*34	0.80	38	2.1
Merchants National Bank & Trust Co. of Syracuse	19	1.50	39½	3.8
Meredith Publishing Co. Publishing and radio and television broadcasting	31	1.80	36¼	5.0
Merrimack-Essex Co. (Mass.)	a109	1.28	28¼	4.5
Messenger Corp. Manufacture and sales of funeral director service, religious calendars and greeting cards	23	0.50	10½	4.8
Metals & Controls Corporation Strip metal	20	0.80	55	1.5
Metropolitan Storage Warehouse Co. General warehouse	28	4.00	29	13.8
Meyercord Co. Decalcomanias	18	0.275	6¾	4.1
Michigan Gas & Electric Co. Electric and gas utility	14	†1.65	63½	2.6
Mich. Natl. Bank (Lansing)	18	1.00	47	2.1
Michigan Seamless Tube Co. Sheet tubing	20	1.25	38	3.3
Middle States Telephone Co. of Illinois Operating public utility	20	0.90	23¼	3.9
Middlesex County Natl. Bank (Mass.)	23	†2.26	45½	5.0
Middlesex Water Co. Operating public utility	46	2.25	48	4.7
Midwest Rubber Reclaiming Mfrs. of reclaimed rubber	22	†1.00	16½	6.1
Miles Laboratories, Inc. Alka Seltzer	65	1.50	58½	2.6
Miller Mfg. Co. Tools for auto and engine repair	17	0.225	3⅜	6.7
Miller & Rhoads, Inc. Richmond (Va.) department store	13	1.20	21½	5.6
Millers Falls Co. Tools	*22	†0.595	15½	3.8
Minneapolis Gas Co. Natural gas distributor	a40	1.45	30⅞	4.7
Mississippi Glass Co. Rolled glass, wire glass, etc.	12	2.00	36¼	5.5
Mississippi Shipping Co. Steamship operators	34	0.75	15	5.0
Miss. Valley Barge Line Commercial carrier; freight on rivers	17	0.90	16⅛	5.6
Mississippi Valley Public Service Co. Operating electric utility	25	1.40	27½	5.1
Missouri-Kansas Pipe Line Holding company	19	3.60	120	3.0
Missouri Utilities Electricity and natural gas	17	1.36	26¼	5.2
Mobile Gas Service Corp. Operating public utility	14	1.05	26	4.0
Mode O'Day Corp. Women's and children's apparel	12	0.95	12	7.9
Mohawk Petroleum Corp. Oil production	14	0.60	30	2.0
Mohawk Rubber Co. Rubber mfg.: tires, tubes, camelback and repair materials	17	†0.93	48½	1.9
Monarch Mills Sheetings and print cloths	25	0.75	24	3.1
Montana Flour Mills Co. Flour and feeds	19	0.20	20	1.0
Monumental Life Ins. (Balt.) Life insurance	31	†1.09	67½	1.6
Moore Drop Forging Co. Light machining and drop forgings	22	0.80	13¼	6.0
Moore-Handley Hardware Hardware wholesaler	12	0.45	7¾	5.8
Morgan Engineering Co. Produces mills, cranes, etc.	12	1.40	28½	4.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Morgan (J. P.) & Co. Inc.	18	10.00	376	2.6
Morris Plan Co. of California Industrial loan company	34	†1.96	41	4.8
Morrison-Knudsen Co., Inc. General contractors, heavy construction	20	1.60	38	4.2
Mosinee Paper Mills Co. Sulphate pulp and paper	19	1.40	33	4.2
Motion Picture Advertising Service Co. Production and display of commercial films	17	0.70	7½	9.3
Motor Finance Corp. Auto financing and insurance	34	4.00	86	4.7
Murdock Acceptance Corp. Finance, loans and insurance	20	†0.14	7¾	1.8
Murray Co. of Texas Cottonseed oil	14	1.25	24¾	5.1
Mystic Valley Gas Co. Natural gas distributor	64	2.15	30	7.2
National Aluminate Corp. Water and petroleum treatments and industrial chemicals	31	1.25	44½	2.8
National American Bank of New Orleans	*28	16.00	435	3.7
Natl. Bk. of Comm. (Houston)	20	†2.89	110	2.6
National Bank of Commerce in Memphis	20	2.00	49	4.1
National Bank of Commerce in New Orleans	25	†1.14	26¾	4.3
National Bank of Commerce of Norfolk	70	2.00	56	3.6
National Bank of Commerce of San Antonio	57	1.60	53	3.0
National Bank of Detroit	24	2.00	66¾	3.0
National Bank of Toledo (Ohio)	19	1.50	41	3.7
National Bank of Tulsa	15	†0.99	42½	2.3
National Bank of Washington (Tacoma)	53	2.00	43	4.7
National By-Products, Inc. Animal products	22	0.40	5¼	7.6
National Casualty Co. Accident, health, casualty insur.	26	1.50	47	3.2
National Chemical & Mfg. Co. Paints and related products	20	†0.48	15½	3.1
Natl. City Bank of Cleveland	23	2.40	79	3.0
National Commercial Bank & Trust Co. (Albany, N. Y.)	104	1.10	29¼	3.8
Natl. Fire Ins. Co. of Hartf'd Diversified insurance	89	1.60	117	1.4
National Food Products Corp. Holding company; chain food stores	19	†1.09	23¼	4.2
National Life & Accident Insurance Co. (Nashville) Life, accident and health	*34	†0.565	121	0.5
National Lock Co. Mortise locks	18	0.40	22½	1.8
National Newark & Essex Banking Co. (Newark)	154	3.00	62	4.8
National Oats Co. Cereals, animal feeds	33	0.60	17	3.5
National Reserve Life Insurance Co. Participating & non-participating	16	0.60	160	0.4
National Screw & Mfg. Co. Screws, bolts and nuts	69	2.75	46½	5.9
Natl. Shawmut Bk. (Boston)	*62	2.20	50¼	4.4
National Shirt Shops of Del. Chain, men's furnishings	20	0.80	11⅝	6.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
National State Bk. (Newark)	147	†2.34	61	3.8
National Tank Co. Manufactures and sells oil field equipment	12	1.20	26¼	4.6
National Terminals Corp. Midwest storage facilities	15	1.25	18½	6.8
National Union Fire Insur. Diversified insurance	25	2.00	40¾	4.9
Nazareth Cement Co. Pennsylvania producer	14	2.00	36½	5.5
Nekoosa-Edwards Paper Class A voting stock Pulp and papers	18	0.68	24	2.8
New Amsterdam Casualty Diversified insurance	22	1.90	46¾	4.1
New Britain Gas Light Co. Public utility, gas distribution	100	2.00	38	5.3
New Britain Machine Machine tools	23	1.80	27¾	6.5
New Brunswick Telephone Co. Operating public utility	51	0.60	13¾	4.4
New England Gas & Electric Association Owning investments in several operating utility companies	12	1.00	21⅜	4.7
New England Lime Co. Lime products	12	0.60	23	2.6
New Hampshire Fire Ins. All insurance lines except life	90	2.00	43½	4.6
New Haven Gas Co. Operating public utility in Conn.	109	1.90	37¾	5.0
New Haven Water Co. Operating public utility in Conn.	80	3.40	66	5.2
NEW JERSEY BANK & TRUST (PATERSON, N. J.) ● See Bank's advertisement on page 47.	a90	e1.50	31½	4.8
New York Fire Insurance Co. Fire, marine, multiple peril insurance, and allied lines	26	1.50	34½	4.3
New York Trust Co.	65	3.50	90½	3.9
New Yorker Magazine Publishes "The New Yorker"	30	3.70	67	5.5
Newport Electric Corp. Rhode Island utility	20	1.10	21¼	5.2
Nicholson File Co. Manufactures files, rasps & saws	87	0.90	18¾	4.8
900 Michigan Ave., North, Corp. Chicago real estate	14	1.00	21	4.8
No-Sag Spring Co. Furniture and bedding springs	22	0.50	10	5.0
Norfolk County Trust Co. (Brookline, Mass.)	22	2.00	38½	5.2
North American Life Insurance Co. Life, accident & health	19	†0.19	20¾	0.9
North American Refractories Fire brick & refractory materials	12	2.00	37½	5.3
North & Judd Mfg. Co. Manufacturing variety of hardware	96	1.55	28½	5.4
North River Insurance Co. Diversified insurance	121	1.40	41½	3.4
North Shore Gas Co. (Ill.) Retail distributor of natural gas	16	0.925	25	3.7
Northeastern Ins. of Hartford Reinsurance	13	0.33	12½	2.6
Northeastern Pennsylvania Natl. Bank & Trust Co.	a96	2.50	46	5.4
Northern Engineering Works Cranes and hoists	*19	0.65	10	6.5
Northern Insurance (N. Y.) Diversified insurance	49	†1.40	44	3.2
Northern Life Insurance Co. Life, accident and health	47	1.60	145	1.1
Northern Ohio Telephone Co. Operating public utility	32	†1.36	39½	3.4
Northern Oklahoma Gas Co. Operating public utility	23	1.00	17⅜	5.8
Northern Trust Co. (Chicago)	65	12.00	545	2.2

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
e Annual rate is indicated.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Northwest Engineering Co., Class A Excavating machinery	23	2.00	42½	4.7
Northwestern Fire & Marine Insurance Co. Fire and casualty insurance	49	1.00	41	2.4
Northwestern National Insurance Co. (Milwaukee) Multiple line insurance	86	2.60	96	2.7
Northwestern National Life Insurance Co. (Minn.) Life insurance	23	1.50	95	1.6
Northwestern Public Service Electric and gas public utility	12	1.00	20¼	4.9
Northwestern States Portland Cement Co. Mfr. and sale of Portland cement	28	1.50	60	2.5
Noxzema Chemical Co., Cl. B Distributes "Noxzema" shaving cream and medicated cream	36	1.00	21	4.8
Noyes (Charles F.) Co. Real estate	16	6.00	57	10.5
Ohio Casualty Insurance Co. Diversified insurance	37	0.58	25	2.3
Ohio Citizens Trust Co. (Toledo)	24	1.60	40	4.0
Ohio Forge & Machine Corp. Gears, speed reducers, etc.	23	1.50	30½	4.9
Ohio Leather Co. Tannery	28	1.35	18⅝	7.2
Ohio National Life Insurance Company Life insurance	39	1.25	36½	3.4
Ohio State Life Insur. Co. Life, accident and health	*35	2.00	300	0.7

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 47.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Ohio Water Service Retails treated water; wholesales untreated	23	†1.48	29½	5.0
Oilgear Co. Hydraulic machinery	*17	1.60	30½	5.2
Old Ben Coal Corp. Marked coal	12	0.60	12⅞	4.7
Old Kent Bank and Trust Co. (Grand Rapids)	23	1.50	34	4.4
Old Line Life Insurance Co. of America Life, accident and health	a47	1.00	60	1.7
Old Republic Life Insurance Company (Chicago) Life, accident and health	a23	0.80	24¼	3.3
Olympia Brewing Co. Brewing	24	2.10	41½	5.1
Omaha National Bank	24	2.40	67½	3.6
Oneida, Ltd. Manufacture sterling, silverplate and stainless tableware	23	1.00	20	5.0
Onondaga Pottery Co. China tableware	16	1.20	29	4.1
Orange County Telephone Co. Operating public utility	51	0.30	40	0.8
Orange & Rockland Utilities, Inc.	*45	e0.90	22⅞	3.9
Orangeburg Manufacturing Co. Manufacture bituminized fibre pipe, conduit and underfloor	23	1.20	30½	3.9
Orpheum Building Co. San Francisco office-theatre bldg.	21	0.35	4⅝	7.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.
e Annual rate is indicated.

Form R. W. Edwards Co.

R. W. Edwards & Co., Inc., has been formed with offices at 35 West 90th Street, New York City, to engage in a securities business. Officers are Robert Edwards, President, and Max Schonberger, Secretary-Treasurer.

Form World Securities

(Special to THE FINANCIAL CHRONICLE)

MOLINE, Ill. — World Securities, Inc., has been formed with offices at 417 Seventeenth Street, to engage in a securities business. Officers are Leonard H. Engstrom, President and Secretary; Ivan C. Peterson, Vice-President; and Will F. Skinner, Treasurer.

Form Lovan Securities

PINE BLUFF, Ark.—Lovan Securities Co., Inc., is engaging in a securities business from offices in the Simmons National Bank Building. Officers are James G. Lovan, President, and Marie Bomar, Secretary-Treasurer.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Osborn Manufacturing Co. Manufacturers of industrial brushes and foundry machinery	35	0.85	19½	4.4
Oshkosh B'Gosh Complete line of work clothing and matched sets	24	1.75	27	7.0
Otter Tail Power Co. Utility; Dakotas and Minnesota	21	1.60	30¾	5.2
Pacific Car & Foundry Co. Makes railway cars	16	1.00	27½	3.6
Pacific Employers Insurance Co. Diversified insurance	24	0.90	22½	4.0
Pacific Insurance Co. of New York Multiple line insurance	54	2.40	61	3.9
Pacific Intermountain Express Co. Motor freight; Western States	12	0.80	12⅜	6.5
Pacific Lumber Co. Planning mill products	23	10.00	250	4.0
Pacific Natl. Bank of Seattle	31	1.00	31	3.2
Pacific Power & Light Co. Public utility (predominantly electric)	12	1.60	39½	4.0
Pacific Vegetable Oil Corp. Vegetable oil trading and manufacture	17	†0.98	20¾	4.7
Package Machinery Automatic wrapping machines	42	1.00	17½	5.7
Packard-Bell Electronics Radio, TV-electronics; garage door openers; hollow core doors	11	0.50	28½	1.8
Pacolet Manufacturing Co. Textile manufacturing	23	6.00	146	4.1
Panama Coca-Cola Bottling Beverage bottling	*30	0.45	7¼	6.2
Paterson Parchm't Paper Co. Vegetable parchment, waxed and custom made papers	68	0.50	11¾	4.3
Pearl Brewing Co. Beer producers	20	1.30	19⅝	6.6
Peden Iron & Steel Co. Hardware	22	1.25	30	4.2
Peerless Insurance Co. Diversified insurance	*31	1.00	26½	3.8
Pemco Corp. Porcelain, enamel and ceramic frits and colors	*15	†2.00	66	3.0
Pendleton Tool Industries, Inc. Mechanics hand tools	21	0.90	18	5.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Pennsylvania Engin'g Corp. Steel mills, oil refineries; chemical plants	12	1.20	20	6.0
Pennsylvania Gas Co. Operating public utility in Pennsylvania and New York	80	1.20	25½	4.7
Penobscot Chemical Fibre Co. Voting Mfr. bleached soda and sulphite woodpulp	12	1.15	39½	2.9
Peoples First National Bank & Trust Co. (Pittsburgh)	92	2.65	58½	4.5
Peoples National Bank of Washington (Seattle)	31	1.50	85	1.8
Peoples Telephone Corp. (Pa.) Telephone utilities	33	4.00	88½	4.5
Pepsi-Cola General Bottlers, Inc. Soft drinks	12	0.60	11¾	5.1
Perkins Machine & Gear Co. Precision gears	18	1.00	14	7.1
Permanente Cement Co. Cement and gypsum products manufacturer	13	0.54	25⅜	2.1
Personal Industrial Bankers, Inc. Consumer finance	19	0.12	3¼	3.7
Peter Paul Co. Popular candies	37	2.50	45½	5.5
Petrolane Gas Service, Inc. Liquefied petroleum gas	23	0.90	27½	3.3
Petroleum Exploration Producing crude petroleum and natural gas	42	3.25	64	5.1
Petrolite Corp. Chemical compounds	28	2.75	106	2.6
Pettibone Mulliken Railroad track equipment, forging and machinery	17	0.90	29	3.1
Pfaudler-Permutit Co. Water softeners and corrosion resistant equipment	a22	1.40	28	5.0
Pheoll Manufacturing Co. Manufacture metal fasteners	38	1.00	24¾	4.0
Philadelphia Bourse Exhibition and office building	23	1.50	55	2.7
Philadelphia National Bank	115	1.90	41⅞	4.5
Philadelphia Suburban Transportation Co. Transportation of persons by street railway and motor bus	19	0.80	26¼	3.0
Philadelphia Suburban Water Operating public utility	*19	†0.48	41½	1.2
Phoenix Insur. (Hartford) Insurance carrier (except life)	86	3.00	78¼	3.8
Phoenix Silk Corp. Textile fabrics	12	0.10	3½	2.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Pickering Lumber Corp. California, Louisiana and Texas holdings	11	0.30	9⅞	3.0
Pictorial Paper Package Corp. Paper boxes	23	0.60	11	5.5
Piedmont & Northern Ry. Operates Diesel line in Carolinas	30	7.00	115	6.1
Pioneer Finance Co. Financing company	21	0.425	11⅜	3.7
Pioneer Trust & Savings Bank (Chicago)	35	8.00	310	2.6
Pittsburgh Fairfax Corp. Owning and operating apartment building	17	2.00	55	3.6
Plainfield-Union Water Co. Water utility	64	3.00	66	4.5
Planters Nut & Chocolate Peanut products	47	2.50	60	4.1
Plymouth Cordage Co. Manufacture of rope, harvest twines, twisted paper products	101	2.60	45¼	5.7
Pope & Talbot, Inc. West Coast lumber mills	*11	1.00	28½	3.5
Port Huron Sulphite & Paper Lightweight papers	20	†0.86	30	2.9
Porter (H. K.) Co. (Pa.) Manufactures electrical equipment, industrial rubber products, steel and tool steel, copper and alloy metals, refractories, saws and tools, fittings, wire rope and related products	15	†1.48	54½	2.7
Porter (H. K.), Inc. (Mass.) Mechanics' hand tools, bolt cutters, body and fender repair tools & equipment and hydraulic power tools	*21	0.40	8¼	4.8
Portland Gas Light Co. Public utility (mfrs. gas)	16	0.50	14½	3.4
Portland General Electric Electric utility	13	1.20	28¼	4.2
Portsmouth Steel Corp. Owns substantial interests in Cleveland-Cliffs Iron Co., Detroit Steel Corp., and companies in related fields	12	1.00	17¾	5.6
Potash Co. of America Mining & refining, sale of potash	22	†1.77	34¾	5.1
Pratt, Read & Co. Piano and organ keys	14	1.20	16½	7.3
Princeton Water Co. Operating public utility	51	4.00	80	5.0
Produce Terminal Cold Storage Co. (Chicago) Public cold storage warehouse	11	1.00	16	6.3
Progress Laundry Co. Laundry and dry cleaning	24	1.40	18¼	7.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Malkan in Inv. Business

Malkan & Co., Inc., is conducting a securities business from offices at 565 Fifth Avenue, New York City. Officers are Arnold G. Malkan, President and Treasurer, and Audrey M. H. Malkan, Vice-President and Secretary.

Wainwright Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Homer O. Whitman has become affiliated with H. C. Wainwright & Co., 60 State Street, members of the New York and Boston Stock Exchanges. He was previously with Joseph M. Batchelder Co., Inc.

With Robert Connell

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James R. Cleaver has become associated with Robert J. Connell, Inc., National Bank Building. He was formerly with Frank N. Warren Co. and Garrett-Bromfield & Co.

Now With Wood, Struthers

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Derek C. Parmenter is now with Wood, Struthers & Co., Russ Building. In the past he was with Mitchum, Tully & Co.

Edw. Cathcart Opens

RICHMOND HILL, N. Y.—Edward Cathcart, Jr., is conducting a securities business from offices at 87-16 Lefferts Boulevard.

Joins E. M. Scanlan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Hugo H. Soll has joined the staff of Earl M. Scanlon & Co., Colorado National Bank Building.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Providence Washington Ins. Multiple line insurance	53	0.15	23	0.7
Provident Savings Bank & Trust Co. (Cincinnati) Name was changed in January 1959 to Provident Bank (Cincinnati)	56	1.75	39½	4.4
Provident Tradesmens Bank & Trust Co. (Phila.)	94	2.40	53	4.5
Public Service Co. of N. H. Electric public utility	22	1.00	18¾	5.3
Public Service Co. (N. Mex.) Public utility	13	†0.78	28½	2.7
Publication Corp. vot. Owns rotogravure printing plants	23	2.50	37½	6.7
Punta Alegre Sugar Corp. Cuban holding company	14	2.50	16	15.6
Purex Corp. Makes "Purex" and "Trend"	*17	†1.02	41	2.5
Purity Stores, Ltd. California food chain	*11	0.40	19¾	2.0
Purolator Products, Inc. Filters oil, gas and air	18	†1.76	34½	5.1
Quaker City Life Insurance Co. (Pa.) Life, accident & health	*13	†1.46	48¼	3.0
Quincy Market Cold Storage Boston operation	17	2.00	29½	6.8
Ralston Purina Animal feeds, breakfast foods	25	1.05	53	2.0
Real Estate Investment Trust of America Management of real estate	73	0.80	13⅝	5.9
Red Owl Stores, Inc. Wholesale and retail grocery chain	26	1.45	51¾	2.8
Reece Corp. (Mass.) Makes button hole machines	77	1.10	25½	4.3
Reed (C. A.) Co., class B Crepe paper	13	1.50	25	6.0
Reinsurance Corp. of N. Y. Writes only reinsurance	22	0.50	18	2.8
Reliance Varnish Co. Paints, varnishes and enamels	15	0.65	10	6.5
Republic Insurance (Dallas) Fire and casualty insurance	53	1.60	65	2.5
Republic National Bank of Dallas	39	1.81	71⅝	2.5
Republic National Life Insurance Co. (Dallas)	13	0.20	69	0.3
Republic Natural Gas Natural gas and oil producer	21	0.60	32⅛	1.9
Republic Supply Co. of California Suppliers and distributors of oil-well and industrial supplies	27	1.00	13¾	7.3
Revere Racing Assn. Dog racing, near Boston	17	0.60	7⅛	8.4
Rhode Island Hospital Trust	90	4.00	99	4.0
Richardson Co. Manufacturers of rubber and plastic industrial products	27	0.25	12	2.1
Rich's, Inc. Operates Atlanta department store	30	0.80	18¾	4.3
Riegel Textile Corp. Wide line textile products	21	0.65	15½	4.2
Rieke Metal Products Corp. Heavy metal stampings	22	1.25	17½	7.1
Rike-Kumler Co. Dayton department store	47	†1.96	40	4.9
Riley Stoker Corp. Power steam generators	20	1.30	43¾	3.0
Risdon Manufacturing Co. Small metal stampings	42	4.00	78½	5.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
River Brand Rice Mills Leading rice miller and packager	a26	1.20	20¼	5.9
Roanoke Gas Co. Distributes natural gas	15	0.85	20¼	4.2
Robertson (H. H.) Co. Manufacturers of construction materials	23	†3.30	73	4.5
Rochester Button Co. Buttons	22	1.00	12½	8.0
Rock of Ages Corp. Granite quarrying and mfg. of granite cemetary monuments, markers, etc.	19	1.00	16	6.3
Rockland-Atlas Natl. Bank of Boston	95	1.80	39	4.6
Rockwell Mfg. Co. Meters, valves, power tools and parking meters	20	†1.47	37	4.0
Roddis Plywood Corp. Manufacture and distribution of plywood doors and lumber	15	0.10	12¼	0.8
Rose's 5, 10 & 25c Stores, Inc. Operates 145 stores in the South	32	1.20	22½	5.3
Ross Gear & Tool Co. Inc. Manufacturers of steering gears	31	1.60	28½	5.6
Rothmoor Corp. Women's coats and suits	11	0.40	3¾	10.7
Royal Dutch Petroleum (NY) Affiliated with producers of many nations	12	2.19	79	2.8
Royalties Management Corp. Oil and gas royalty interests	16	0.25	4⅛	6.1
Sabine Royalty Corp. Oil & gas royalties	14	2.00	36	5.6
Safety Industries, Inc. Industrial scales, processing equipment and controls	28	0.70	19¼	3.6
Safway Steel Products, Inc. Manufactures steel scaffolding, grand stands and bleachers	23	1.00	18½	5.4
Sagamore Mfg. Co. Sateens, broadcloths, twills	23	1.00	63	1.6
St. Croix Paper Co. Maine producers	39	1.25	27½	4.5
St. Joseph Stock Yards Co. Livestock	60	7.00	55	12.7
St. Paul Fire & Marine Insur. Fire and casualty insurance	87	1.20	60	2.0
St. Paul Union Stockyards Minnesota operator	43	0.75	11	6.8
San Antonio Transit Co. Intra-city busses	15	0.60	12	5.0
San Jose Water Works Public utility (water company)	28	2.40	51	4.7
San Miguel Brewery, Inc. (Philippines) Beer and dairy products	*11	1.20	12¼	9.8
Sanborn Map Co. Fire insurance & real estate maps	82	2.70	52½	5.1
Sargent & Co. Hardware, locks and tools.	16	1.00	18½	5.4
Savannah Sugar Refining Georgia operator	35	5.50	96	5.7
Schenectady Trust Co. (N.Y.)	57	2.00	63½	3.2
Schlage Lock Co. Locks and builders' hardware	19	†0.95	32½	2.9
Schuster (Ed.) & Co. Three Milwaukee dept. stores	*17	1.00	17¼	5.8
Scott & Fetzer Co. Vacuum cleaner manufacturer	12	2.30	47½	4.8
Scott & Williams, Inc. Builds knitting machinery	43	2.60	25½	10.2
Scruggs-Vandervoort-Barney Department stores; St. Louis, Kansas City, Denver	19	0.60	13	4.6
Seaboard Surety Co. Diversified insurance	24	2.60	78	3.3
Searle (G. D.) & Co. Pharmaceuticals	24	1.20	52¾	2.3
Sears Bank & Trust Co. (Chicago)	19	†2.23	72	3.1

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Seatrain Lines Transports freight cars by ships	*18	0.50	8⅞	5.6
Second Bank-State St. Tr. Co.	40	3.40	80	4.3
Second National Bank of Saginaw	78	2.50	76	3.3
Securities Acceptance Corp. Instalment financing and personal loans	25	†0.39	11	3.5
Security-First National Bank of Los Angeles	78	1.60	58	2.8
Security Insurance Co. of New Haven	65	†0.58	35½	1.6
Security National Bank of Greensboro (N. C.)	23	1.30	30	4.3
Security Title Insurance Co. Title insurance	11	1.20	23	5.2
Security Trust Co. of Rochester	66	2.00	47	4.3
Seismograph Service Corp. Geophysical exploration and mfg. of electronics products	25	0.40	11¾	3.4
Selected Risks Insurance Co. Diversified insurance Formerly Selected Risks Indemnity Co. to Dec. 1957.	*26	1.20	34	3.5
Seven-Up Bottling Co. (St. Louis) Bottler of carbonated beverages	31	0.60	10¼	5.9
Shakespeare Co. Fishing reels, rods and lines	21	†1.56	29¼	5.3
Shaler Co. Vulcanizers	23	1.00	12	8.3
Shepard Niles Crane & Hoist Electric cranes and hoists	24	1.50	22¾	6.6
Sherer-Gillett Co. Manufacturer commercial refrigeration	13	†0.04	1½	2.7
Shuron Optical Co. Name changed in March 1958 to First Geneva Corp.				
Sick's Rainier Brewing Co. "Rainier" and "Brew 66" beer	22	0.21	4¼	4.9
Sierra Pacific Power Operating public utility	33	1.40	32⅜	4.3
Sioux City Stock Yards Iowa livestock market	55	2.00	31¾	6.3
Sivyer Steel Casting Co. Castings	23	1.50	25	6.0
Skil Corp. Portable tools	22	1.55	28	5.5
Smith-Alsop Paint & Varnish Co. Paints and varnishes	11	1.55	21	7.4
Smith Engineering Works Mining machinery	12	2.00	60	3.3
Smith (J. Hungerford) Co. Manufacturer of soda fountain & ice cream fruits and flavors	36	2.50	44	5.7
Smith (S. Morgan) Co. Heavy manufacturing, hydraulic turbines and valves	62	1.20	32½	3.7
Snap-On Tools Corp. Manufacture and distribution of mechanics' hand service tools and related items	21	1.50	34½	4.3
Sonoco Products Co. Paper and paper products	34	1.00	25¾	3.9
South Atlantic Gas Co. Operating public utility	14	0.80	15¾	5.1
South Carolina National Bk. (Charleston)	23	3.00	65	4.6
South Texas Development Co. Class B Oil royalties	26	4.00	80	5.0
Southdown Sugars, Inc. Operates Louisiana sugar plantation	11	0.70	47	1.5
Southeastern Public Service Natural gas supplier	11	0.80	13⅜	6.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

H. L. Robbins Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Joseph H. Silverman has been added to the staff of H. L. Robbins & Co., Inc., 37 Mechanic Street.

Two With First Southern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Thomas C. Jones, Sr. and Thomas C. Jones, Jr. have become associated with The First Southern Corp., 70 Fairlie Street, N. W.

Clement Evans Adds

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Walter L. Harris has become connected with Clement A. Evans & Company, Inc., 11 Pryor Street, Southwest, members of the Midwest Stock Exchange.

With Hornblower, Weeks

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Gertrude B. Chaffee has been added to the staff of Hornblower & Weeks, Johnston Building.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Southeastern Telephone Co. — Operating public utility	19	0.90	23	3.9
Southern Bakeries Co. — Southeastern baker	23	†0.19	19	1.0
Southern California Water Co. — Operating public utility	30	0.90	18⅝	4.8
Southern Colorado Power — Electricity supplier	15	0.825	20½	4.0
Southern Fire & Casualty Co. (Knoxville, Tenn.) — Fire and Casualty insurance	18	0.08	5¼	1.5
So. New England Tel. Co. — Communications services	68	2.00	43⅞	4.6
Southern Oxygen Co. — Compressed gases	22	†0.60	11	5.5
Southern Union Gas Co. — Natural gas production and distribution	16	1.12	27¼	4.1
Southern Weaving Co. — Mfg. narrow fabrics, tapes and webbings	33	0.10	10	1.0
Southland Life Insurance Co. — Life, health and accident insurance	24	1.75	133	1.3
Southwest Natural Gas Co. — Southern natural gas supplier	12	0.20	6⅛	3.3
Southwestern Drug Corp. — Wholesale drugs	17	2.00	42	4.8
Southwestern Elec. Service — Electricity supplier	14	†0.625	16¾	3.7
Southwestern Investment Co. — Sales, financing and personal loans	23	†0.51	15¾	3.2
Southwestern Life Insurance Co. (Dallas) — Non-participating life	49	1.80	141	1.3
Southwestern States Tel. Co. — Operating public utility	13	1.20	25⅞	4.6
Speer Carbon Co. — Carbon, graphite and electronic products	26	1.00	29½	3.4
Spindale Mills, Inc. — Yarn shirtings and dress goods	14	1.00	15¼	6.6
Sprague Electric Co. — Electronic components	19	1.20	40¾	2.9
Springfield F. & M. Ins. Co. — Multiple line insurance	92	†f1.30	34⅝	3.8
Springfield Gas Light Co. — Massachusetts operating utility	106	2.70	55¼	4.9
Staley (A. E.) Mfg. Co. — Processes corn and soy beans	25	†1.32	38½	3.4
Stamford Water Co. — Operating public utility	63	1.80	33½	5.4
Standard Accident Insurance Co. (Detroit) — Casualty, bonding and fire and marine insurance	19	2.00	59½	3.4
Standard-Coosa Thatcher Co. — Cotton spinning, dyeing and bleaching	38	0.80	11¼	7.1
Standard Fire Insurance Co. of New Jersey — Diversified insurance	90	2.75	55	5.0
Standard Screw Co. — Screws and screw machine products	54	2.40	57½	4.2
Stange (Wm. J.) Co. — Food colorings and seasonings	13	0.75	12	6.3
Stanley Home Products, Inc. (Voting) — Manufactures and sells brushes, waxes, polishers, and personal toiletries	16	2.25	37½	6.0
Stanley Works — Hardware for building trades, etc.	83	2.00	40⅞	4.9
State Bank of Albany	156	1.80	45	4.0
State Loan & Finance Corp. Class A — Loans and finance business, Southern states	29	†0.96	26	8.0
State Natl. Bank of El Paso	78	6.00	275	2.2
State Planters Bank of Commerce & Trs. (Richmond, Va.)	*37	2.40	68	3.5
Stecher-Traung Lithograph Corp. — Labels, packets and boxes	20	1.85	23	8.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
f Plus 1/10 of a share of $6.50 preferred for each share of common held.

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As We See It

prosperity tends to produce in the business structure. It, so it is said, is the thing which prevents indefinite growth of unsound conditions in the business structure.

Have things worked themselves out in this way this time? Have we in reasonable degree thrown off the ailments which were responsible for the downturn in 1957, and are we now in a position to proceed on a sound basis to resume full scale operations on a broad front? This is a fair question and an important one. Upon a correct answer depends any sound judgment about what we shall have to face should another round of adverse conditions force a period of readjustment. Another bubble on top of the old boom revivified could hardly be regarded with equanimity. Information needed for a complete judgment about the uses the recent adversity served is not complete at all points, of course, but a good deal of information is available and ought to be studied by all who care to take the longer view of things.

One of the Sore Spots

Unquestionably, one of the sore spots in the situation which induced the recession in 1957 was the heights labor costs had reached. The unions, enjoying freedom from worry about competition, had for years been demanding and getting higher and higher wages, more and more fringe benefits, and had, in addition, been imposing more and more restrictions upon production. Productivity figures are not very much to be trusted, but it is clear that hourly wages had been moving up faster than output per manhour—and, of course, such improvement in production per manhour as had occurred had been achieved at large expense in costly equipment. All this was one of the factors which had driven prices higher and higher until buyer resistance had set in.

Fortunately, there are fairly reliable figures on what wage-earners receive in the manufacturing industries. These show that at the middle of 1957—when the recession was getting under way—the average hourly pay of wage-earners in manufacturing came to $2.07. In March of this year the figure stood at $2.21. Now there has been a good deal of talk about the comparative increase in output per man hour. It certainly has not been as high as nearly 7%, the rate at which hourly wages rose in the period in question—and if it had, one would still have to take into account the carrying cost of the additional equipment needed to effect the increase. In other words, we made no headway during the recession in getting labor costs down to more bearable levels in manufacturing—and quite probably elsewhere, too.

There are those who assert that the recession was at least in part induced by higher costs of borrowed funds. For our part we have doubts, but the fact is in any event that interest rates are today not very far from their peak in 1957 and are rising. The reason that such is the case is not that the Reserve authorities have arbitrarily forced them up, but simply that there is demand for more funds than are readily available—without arbitrary creation of funds through commercial bank borrowing for purposes and in amounts not warranted in the premises. And one reason for this is that the Federal Government has developed deficits of very large proportions and hence is forced to come into the market for huge amounts of funds in competition with private borrowers.

The Price Problem

Another factor which had been causing much concern by the time the recession got under way in 1957 was the tendency of prices to rise. This was particularly true of consumer prices at retail. Have we been able to relieve this situation after a good many months of recession? Well, there has been some degree of stabilization within the past few months, but the fact remains that as late as February of this year the Bureau of Labor Statistics reported its consumer price index at 123.7 against a peak of 123.9 some months ago—and it is clear that the figure may well soon begin to climb again. The general wholesale price index of the Bureau of Labor Statistics stands at very nearly 120 as compared with something less than 117.5 at the middle of 1957. We evidently still have our price problem with us.

In light of the high level of our prices and their refusal to move downward in response to depressed conditions, it is hardly strange that imports of foreign goods still are running at high levels and that our exports to foreign countries are not being maintained at levels that can be regarded as satisfactory. We can see nothing in these figures to raise any doubt that we are being priced out of foreign markets, right and left. There are, fortunately so we think, at least some foreign countries which have had the hardihood and the foresight to induce conditions which tend to keep their prices within reasonable limits. So long as this is true, and so long as we refuse to do likewise, we shall have to expect difficulty in selling abroad and stiff competition in this country from foreign goods.

In a word, it seems to be clear that we have resumed full speed ahead (for the time being, at least) without overhauling our economic machinery. That is a fact which should not be lost to sight amid current rejoicing.

Long-Range Federal Budget Projections

Federal, state and local budget projections, based on studies in depth, are provided by Dr. Otto Eckstein of Harvard for the Committee of Economic Development. The medium Federal cash budget expenditures for fiscal year 1968 are expected to be $117.8 billion with a surplus of $11.3 billion. A Gaither Committee and other high level policy of expenditures are expected to result in a cash budget of about $18 billion more leaving a deficit of $6.6 billion.

Estimates of Federal, state and local expenditures over the next decade, designed to provide perspective for making budgetary decisions, are set forth in a paper by Dr. Otto Eckstein, Assistant Professor of Economics at Harvard University, made public in Washington, D. C., April 6, by the Committee for Economic Development (CED). The study was prepared to accompany a policy statement on the 1960 Federal budget issued by the Research and Policy Committee of CED.

Dr. Eckstein's projections show that, depending upon the spending policies that are followed by the government, the Federal budget in 1968 will be from $6 to $34 billion larger than for the current fiscal year.

If the Administration and Congress adopt a strong economy-minded attitude, Federal administrative budget expenditures (now estimated at about $81 billion in the current fiscal year) could be held to $87 billion in 1968, producing a surplus of $17 billion at current tax rates.

If budgetary restraints on civilian programs are greatly relaxed and if military expenditures follow the pattern unofficially reported in various publications to have been made by the Gaither Committee, expenditures could reach $115 billion in 1968, with a deficit of more than $10 billion.

Assuming, however, the continuance of the recent overall balance of attitudes and forces with respect to spending, expenditures in 1968 would be $97.1 billion, with a surplus of $7.5 billion.

State and local expenditures are estimated by Dr. Eckstein to rise from $40 billion in fiscal 1960 to $54 billion in fiscal 1968, or by 35%. This is a higher rate of growth than all but the highest projection for the Federal Government. At present tax rates, the combined deficits of the states and local governments would probably increase from about $1.5 in the current fiscal year to almost $3.5 billion in fiscal 1964, and remain at about that level through 1968.

Used 1958 Prices As Base

All estimates are made in December, 1958, prices.

For many years the Research and Policy Committee of CED has urged that the Federal budget should contain estimates of expenditures and revenues for a period of at least five years ahead. These, it has stated, would greatly facilitate the making of budgetary decisions. With urgent requirements for military purposes, foreign economic assistance, and other vital programs, the need for having such information is imperative.

Such questions as whether the present budget problem is temporary or likely to last a long time, whether we are starving essential programs or have committed ourselves to a rate of expenditure growth that will cause persistent budgetary difficulties, and whether taxes should be raised or held at present rates, or lowered, cannot be answered on the basis of the budget figures for one year alone.

In the absence of official long-term budget estimates, the Research and Policy Committee commissioned Dr. Eckstein to prepare a set of budget projections through fiscal year 1968 for all levels of government.

In an introduction to the paper Dr. Herbert Stein, Director of Research for the Committee for Economic Development said:

"Dr. Eckstein was not asked to make, and has not made, a recommendation for the future course of Federal expenditures. Neither was he asked to make a forecast of what expenditures will be. Rather he was asked to project what expenditures would be on assumptions which he would specify as clearly as possible so that users could judge for themselves their probability or desirability. This is what he has done."

Estimates Made From Bottom Up

Dr. Eckstein's estimates were constructed from the bottom up. He did not apply some observed or projected relations of overall expenditures to national income, population or other aggregate. Rather, the totals were obtained by summing estimates of expenditures made in detail for particular agencies and programs.

Dr. Eckstein based his projections on the present legislative status of each program and on five major assumptions:

That the degree of world tension would remain as it now is; that high employment would be restored by the end of fiscal 1960 and that the economy would continue to grow at a rate of 3% annually; that the present division of functions between Federal and state and local governments would not be altered substantially; and that tax rates would remain at present levels.

The study was approved by an Editorial Board as presenting an analysis which is a significant contribution to the understanding of an important problem of public policy, but its findings are not necessarily endorsed by the CED.

Elects Five to Board

J. J. Little & Ives Co., Inc., publishers of general reference books, has elected five new members to its board of directors, increasing membership to nine, it was announced by Harold Drimmer, President.

The new directors are: John F. Meck, Vice-President and Treasurer of Dartmouth College; Eugene V. Rostow, Dean of the Yale University School of Law; Harry Meresman, partner in the New York accounting firm of Abrams, Meresman & Co.; Arthur Sheinberg, partner in the New York law firm of Weisman, Celler, Allan, Spett & Sheinberg; and Eugene H. Catron, partner in the New York Stock Exchange member firm of Shields & Company.

With L. C. Berendsen

(Special to THE FINANCIAL CHRONICLE)

MONMOUTH, Ill. — William R. Brooks is now with L. C. Berendsen Company, 930 East Second St.

With J. L. Eisner

(Special to THE FINANCIAL CHRONICLE)

LAWRENCEVILLE, Ill.—Jimmy E. Irwin is now with John L. Eisner, Gee Building.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Stern & Stern Textiles, Inc. Silk, rayon and nylon fabrics	13	0.70	9	7.8
Stonecutter Mills Corp., Cl. B Dies and fabrics	17	0.20	5½	3.6
Stonega Coke & Coal Co. Coal and lumber	19	1.30	16¾	7.8
Stouffer Corp. Restaurant chain	23	†0.39	25¼	1.5
Strathmore Paper Co. Manufactures fine printing papers, artists' papers and technical papers	17	1.25	29	4.3
Stratton & Terstegge Co. Wholesale hardware	26	1.25	20	6.3
Strawbridge & Clothier Large Philadelphia department store	12	1.00	20⅛	5.0
Struthers Wells Corp. Fabricated metal products; chemical and refinery equipment	15	1.60	24¼	6.6
Stuart (The) Co. Pharmaceutical manufacturer and distributor	10	0.64	33½	1.9
Stuyvesant Insurance Co. Auto and marine insurance	11	g0.25	28	0.9
Suburban Propane Gas Corp. Distribution of liquefied petroleum gas and sale of appliances	13	1.00	17¾	5.6
Sun Life Assurance Life. Also large annuity business	22	5.35	337	1.6
Super Valu Stores, Inc. Wholesale food distributor	23	1.60	28¾	5.6

Over-The-Counter Consecutive Cash Dividend Payers From 5 to 10 Years Appear in the Second Table Starting on Page 47.

Swan Rubber Co. Manufactures hose (rubber and plastic) small tires	24	0.675	17	4.0
Syracuse Transit Corp. Local bus operator	17	2.00	20½	9.8
Tampax, Inc. Miscellaneous cotton products	16	2.10	83	2.5
Tappan (The) Co. Gas ranges	*24	2.50	49½	5.1
Taylor-Colquitt Co. Railroad ties and poles	32	1.25	23	5.4
Taylor & Fenn Co. Grey iron alloy castings	53	0.80	10	8.0
Taylor Instrument Cos. Mfr. of scientific instruments	58	1.20	35¾	3.4
Tecumseh Products Co. Refrigeration compressors, small engines, etc.	20	2.50	79	3.2
Telephone Service Co. of Ohio, Class B Holding co.	17	h1.45	170	0.9
Television-Electronics Fund, Inc. Open-end mutual investment co.	11	0.78	14¼	5.5
Tenn., Ala. & Georgia Ry. Co. Railroad common carrier	21	0.50	15¾	3.2
Terre Haute Malleable & Manufacturing Corp. Iron castings	23	0.60	10	6.0
Terry Steam Turbine Co. Turbines and reduction gears	*51	†2.30	43	5.3
Texas Natl. Bank (Houston)	*35	2.50	68	3.7
Textiles, Inc. Makes cotton yarn	18	0.60	12½	4.8
Thalhimer Brothers, Inc. Richmond department store	*13	†0.59	11	5.4
Third Natl. Bank in Nashville	30	11.79	395	3.0
Third National Bank & Trust Co. (Dayton, Ohio)	97	1.00	36¼	2.8
Third National Bank & Trust Co. of Springfield (Mass.)	94	2.00	42½	4.7

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
g Plus 17/80 of a share of Stuyvesant Life Insurance Co. for each share held.
h Plus 4% payable in class "A" stock.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Thomaston Mills Wide range of cotton products	*18	1.25	21	6.0
Thompson (H. I.) Fiber Glass Fiber glass, fabricators Hi Temp insulation, fiberglass reinforced plastic parts	12	†0.40	33¼	1.2
Thomson Electric Welder Co. Electric welding machines	13	1.25	16	7.8
300 Adams Building, Inc. Chicago office building	24	3.00	46	6.5
Thrifty Drug Stores California drug store chain	22	1.05	45½	2.3
Time Finance Co. (Ky.) Consumer finance—personal loans	24	†0.32	24	1.3
Time, Inc. Publishers of "Life," "Time," "Fortune" & "Sports Illustrated"	30	3.25	67	4.9
Timely Clothes, Inc. Men's suits, coats, etc.	18	1.00	10½	9.5
Tinnerman Products, Inc. "Speed Nuts"	*13	1.80	29½	6.1
Title Insurance Co. of Minnesota Title Insurance	a51	2.40	45	5.3
Title Insurance & Trust Co. (Los Angeles) Insuring title to real estate	65	1.50	35¾	4.2
Tobin Packing Co. Meat packer	17	0.90	16⅜	5.5
Tokheim Corp. Gasoline pumps	27	1.40	24½	5.7
Toledo Trust Co.	25	3.00	102	2.9
Toro Manufacturing Corp. Power lawn mowers and stationary power tools	13	1.20	19¼	6.2
Torrington Mfg. Co. Manufactures machinery, blower wheels and fan blades	24	1.00	18¾	5.3
Towle Mfg. Co. Sterling silver tableware	42	2.00	30	6.7
Towmotor Corp. Fork-lift truck	14	1.40	27	5.2
Travelers Ins. Co. (Hartford) Life, accident, health	93	1.10	94¾	1.2
Trenton Banking Co. Merged Aug. 1958 with First Mechanics National Bank to form First Trenton National Bank.				
Trico Products Corp. Manufacturers of automotive equipment	31	2.75	54¾	5.0
Trinity Universal Insurance Company Diversified insurance	22	1.00	38	2.6
Troxel Manufacturing Co. Bicycle saddles	16	0.60	6¼	9.6
Trust Co. of Georgia	25	†2.35	80½	2.9
Tucson Gas Elec. Lt. & Pwr. Electric and gas utility	41	1.43	55	2.6
Twin City Fire Insurance Co. Diversified insurance	33	0.60	20	3.0
Twin Disc Clutch Co. Clutches and gears	25	4.00	95	4.2
220 Bagley Corp. Theatre and office building	12	1.00	39	2.6
Tyer Rubber Co. Manufacturers of rubber goods	22	0.40	11	3.6
Tyler Refrigeration Corp. Commercial refrigerators	22	0.75	11¾	6.4
Uarco, Inc. Business stationery	27	2.60	61¾	4.2
Union Bank (Los Angeles) Formerly Union Bank & Trust Co. Name changed Jan. 1958.	42	†1.57	65	2.4
Union Commerce Bank (Cleveland)	16	2.00	45¼	4.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
a Including predecessors.

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The Road to Ruin

this destruction the courts established also the so-called "right to picket," which is a license to make it impossible for the employer to continue business. There is no such right. The courts said that the right to picket was a part of the right of free speech. This calls to mind the famous dictum of Charles Dickens that "the law is an ass."

In previous articles in the *Commercial and Financial Chronicle* I have set down the simple truths about the results of forced wage increases. These truths will not again be explained and illustrated here. Such forced wage increases reduce markets, production, and employment. They raise the cost of living for all the rest of the population, especially the great majority of workers. They create a wage-price spiral of inflation which increases the costs of government, especially in defense production, and forces deficits which endanger the solvency of the government.

Unearned Wage Increases

Unearned wage increases so disrupt the balance of production and consumption that they encourage depressions. They were a major cause of the recession of 1937 and probably the chief cause of the recession of 1957, now widely known as the "Reuther Recession." The general public has been surprised and dismayed by a development of the 1957 recession. There has been a remarkably vigorous recovery, but unemployment still remains very large. The reason is simple. Even in the acute stages of the recession wages in the basic industries continued to rise, impeding re-employment.

The union stranglehold on industry in America is recent, except in the building, mining, and printing trades. Because of the enormous resources of this country the unions have not yet seriously damaged the structure of American industry. But already the termites of forced wage increases are eating on the foundation. The slums grow ever larger, while the government pours billions down the ratholes of subsidized housing. The railroads are in sore straits, with union featherbedding rules enlarging deficits. Unemployment is chronic in coal mining, while the union continues to extort wage increases. We are losing our export markets in steel, autos, machinery, and many other products. We do not know when we will face war to the death with Russia. We do not know whether we have the weapons to win that war. Under these somber conditions any strike which stops production, any forced shortening of hours of work, any unearned wage increase, is a direct aid to Russia.

All history is a record of nations destroying themselves. Lycurgus, 600 years before Christ, ruined Sparta by a series of economic measures. Diocletian, about 1600 years ago, finished off the Roman Empire by somewhat similar measures. Oddly enough, Roosevelt, an absolute dictator in the first years of his administration, set the groundwork for our present situation by much the same measures. Our country is, of course, too new and too rich to go the way of Rome and England. The question is whether our road to ruin is political. Will the American people turn the nation over to the labor bosses?

What Labor Bosses Want and Do

Their intentions are clear. They intend to permit no law which prevents them from obtaining unearned wages by force, no law which restricts mass picketing and secondary boycotts. They intend to force every worker to join a union. They intend, when in an industry forced wage increases cut down employment, to create artificial employment in that industry by forcing a 30-hour week with the old 40-hour pay. They intend to inflict on any enterprise which resists them such fatal injury that in future no enterprise will resist. Politically they intend to defeat for office every candidate who will not serve them, pouring propaganda, personal organization, and money into contests.

The critical industries are the great basic industries such as steel and autos and construction. Forced wage increases in these industries create the wage-price spiral which causes the rising cost of living and hampers the national defense effort. The union attacks one of these enterprises. The plant shuts down. The competing enterprises go after the struck company's business. The management surrenders. The added labor costs are passed on to the helpless public and the helpless government. Then the next enterprise is attacked. The last 10 years is a long story of ignominious surrender by the great enterprises.

Apologists for labor unions call themselves "friends of labor." The only enemies of labor in America are the few powerful unions. They are exploiters of the great unorganized majority of workers. Union regularly exploit other unions. The New York City newspaper deliverers timed a strike to ruin Christmas trade, throwing thousands of newspaper workers and temporary sales personnel out of Christmas money. A handful of airline pilots struck for salaries up to $30,000, throwing out of jobs thousands of airline employees getting wages one-sixth to one-fourth the pilots' wages. A group of glass workers in a Pittsburgh company strike caused Chrysler operations to stop. Chrysler union workers lost more money than the glass workers will get in increased wages in 10 years.

What should be done to stop this economic anarchy? I will not discuss the counterfeit frauds now being considered by Congress. What would a Congress of courageous and patriotic men consider in this economic crisis? This writer has no magic formula for the settlement of all labor union problems. No nation has solved this problem. But our great nation is the only one in which violence, extortion, blackmail, and theft of workers' money go unremedied.

The Taft-Hartley law is inadequate, weak in penalties, vague in language. But it does have some excellent provisions. Mr. Truman vetoed, unsuccessfully,

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The Road to Ruin

this one effort to curb labor abuses. But the law has not been rigidly enforced. For 11 years, from 1947 to 1959, there have been open violations of the law. Only two examples of this frustration of the law will be cited here. The law flatly prohibits the closed shop. In all these years there have been closed shops, especially in the newspaper field. It is a peculiarly vicious institution.

It was not the Labor Department which brought this to light. Working men victims brought suit. Finally the Supreme Court gave damages. One Justice dissented, Chief Justice Warren, on the grounds that giving damages would cost the unions a lot of money. The law also outlaws strikes by a union to force the employer to stop doing business with a non-union company. Victims have had to go to court for relief. Enforcement of the Taft-Hartley law and enforcement of the state laws on violence, by local authority, would alone bring a great improvement.

But such enforcement would not solve the major problems. There will be set down here a number of possible measures. It will be noted that the proposals vary greatly in nature. Some are radical basic reforms. Others are minor measures aimed at reducing the abuse of American workers:

(1) **Prohibit any strike for higher wages.** Strikes are not necessary to obtain earned wage increases. Three-quarters of all workers cannot strike. Millions of government workers are prohibited from striking by law. Under present conditions the so-called right to strike is a special legal license granted to a small minority of all workers. This privileged group already have the highest wages on earth, the largest pensions, and the shortest hours. To permit this minority to prey on the nation is morally wrong.

(2) **Prohibit any strike for hours shorter than 40-per week if it involves a higher rate of pay per hour.** It is the intention of the major unions to force a 30 hour week with pay for the 30 hours equal to the current pay for 40 hours. This would mean a reduction of production of 25% with a consequent increase of labor costs of 30%. Enforced in all our major industries, this evil scheme would cut the heart out of the American economy.

(3) **Adopt compulsory arbitration.** This would be a desperate measure, a last resort to stop the union bosses. Compulsory arbitration leads in the end to government price setting. But compulsory arbitration would be preferable to the present situation. Business leaders violently oppose compulsory arbitration, on the simple grounds that they do not trust the government to be fair.

(4) **Adopt the Swedish system.** Sweden and some other countries have worked out a compromise system of industry-wide bargaining. Officers of the unions meet annually with officers of the employers. This in each major industry. It works fairly well. The wages agreed upon have about kept equal to the average increase in the rate of national production. It works for two reasons. Any unfair rate extorted by one group will be bitterly resented by other groups. And the government will set wages by law if improper wages are set. The unions cannot shoot down one company at a time, like ducks in a shooting gallery, as in America.

(5) **Make the union shop illegal by Federal law.** The union shop is an indefensible violation of human rights. It is clearly unconstitutional. It is the chief means by which the labor hierarchy maintain their iron hold on union members, the chief means by which union members are forced to contribute to political funds. The Taft - Hartley laws licenses any union to beat any employer into acceptance of the union shop. But it also authorizes any state to outlaw the union shop. This last provision was not included as a concession to justice. The law could not be passed without it. Nineteen states have outlawed the union shop. It was badly defeated in five states. After this triumph last November, Meany announced that he was asking Congress to repeal the laws of the 19 states.

(6) **Require a secret ballot of all members of a union before a strike can be called.** Thousands of strikes are ordered by union bosses when the members, who bear the loss of wages, do not want a strike. One of the top labor leaders has announced that a secret ballot does not suit the union bosses.

(7) **Restrict picketing.** The old legal ruling that picketing is merely exercising the right of free speech is legalistic nonsense. Picketing is a deadly weapon, designed to help a union win a strike by ruining the employer's business. In America it has become an organized mob action, stopping operation of a plant and beating up non-strikers. Local officials no longer control picketing. If picketing must be permitted, it should be restricted to two men carrying signs outside of plant entrances, the two to be actual plant employees on strike. There should be jail sentences for outsiders, such as the Reuther agents sent to Kohler in Wisconsin.

(8) **Stop secondary boycotts.** The Taft-Hartley provisions are wholly inadequate. Secondary boycotts have become a national evil.

(9) **Require complete reports of union finances, made to the government and to union members.** Employers should be required to report all payments made to persons outside their own personnel in connection with labor matters.

(10) **There should be complete publicity of all union expenditures for political purposes, including expenditures "for educational purposes," expenses of personnel engaged in political work, and contributions.**

The reader will have noted that measures 1, 2, 3, and 4 are basic reforms, designed to prevent the ruin of American industry, while measures 5 to 10 are merely minor measures intended to reduce the violence, the abuse of union workers, and the unprovoked injury to helpless businessmen now uncontrolled. In the coming months public officials will have opportunity to show where they stand on these questions. It is the view of this writer that any political official who opposes immediate action of some sort on all these issues should not hold public office.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Union Gas System, Inc. Natural gas utility	12	1.43	33	4.3
Union Lumber Co. California redwood	11	1.25	51½	2.4
Union Manufacturing Co. Chucks, hoists, and castings	19	0.60	15	4.0
Union Metal Manufacturing Co. Power distribution poles	21	3.00	58	5.2
Union Natl. Bank in Pittsburgh	*34	1.50	50	10.0
Union Natl. Bank of Youngstown, Ohio	22	2.80	78	3.6
Union Oil and Gas Corp. of Louisiana, class A Crude oil and natural gas production	54	0.80	84	1.0
Union Planters National Bank of Memphis	29	1.80	45	4.0
Union Trust Co. of Maryland	20	2.00	48½	4.1
United Illuminating Co. Connecticut operating utility	59	1.375	28½	4.1
United Insurance Co. of America Life, accident & health	19	0.80	51¼	1.6
United Life & Accident Insurance Co. Life, accident & health	22	4.00	375	1.1
United Printers & Publ., Inc. Greeting cards	20	0.65	17⅛	3.8
United States Cold Storage Corp. Car-icing, ice, etc.	17	2.10	27	7.8
U. S. Envelope Co. Manufacturer of envelopes, paper cups and other paper products	19	1.00	26¼	3.8
U. S. Fidelity & Guaranty Co. Diversified insurance	20	2.00	82½	2.4
U. S. Fire Insurance Co. Diversified insurance	*49	1.00	31½	3.2
U. S. Lumber Co. Holding company, land and mineral interests	*51	0.35	3⅝	9.7
United States National Bank of Denver Merged. See Denver United States National Bank.				
U. S. Natl. Bank (Portland)	60	2.60	79½	3.3
U. S. Radium Corp. Phosphors, industrial radiation sources, dials, panels and nameplates	15	0.40	18	2.2
U. S. Realty & Investment Co. Real estate	18	1.25	25	5.0
United States Testing Co. Testing, research, inspection and engineering	24	0.20	8	2.5
U. S. Truck Lines (Del.) Inter-city motor carrier	27	1.15	19¾	5.8
U. S. Trust Co. of N. Y.	106	3.20	81½	3.9
United Steel & Wire Co. Wire and metal specialties	22	0.20	5	4.0
United Utilities, Inc. Holding company	20	1.25	31⅜	4.0
Universal Match Co. Matches and candy	21	†1.45	40½	3.6
Univis Lens Co. Manufacturer and distributor of multifocal opthalmic lens blanks and eye glass frames	31	0.25	8⅛	3.1
Upper Peninsula Power Electric public utility	11	1.60	31½	5.1
Upson (The) Co. Exterior and interior fibre wallboard	18	0.80	12¾	6.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Upson-Walton (The) Co. — Manufactures wire rope, tackle blocks, crane hook blocks and rope fittings	24	0.40	9	4.4
Utah Home Fire Insurance Company — Fire and casualty insurance	26	1.00	23¾	4.2
Utah Southern Oil Co. — Oil and gas producer	11	0.70	14¼	4.9
Valley Mould & Iron Corp. — Ingot moulds and stools	23	3.00	47	6.4
Valley National Bank of Phoenix	26	1.00	51½	1.9
Van Camp Sea Food Co., Inc. — Cans sea food	11	0.90	19⅜	4.6
Van Waters & Rogers, Inc. — Wholesalers, industrial chemicals and scientific apparatus	24	o 0.80	29¾	2.6
Vanity Fair Mills — Lingerie	*11	1.20	23½	5.1
Vapor Heating Corp. — Car heating systems	25	2.50	46	5.4
Veedor-Root, Inc. — Makes counting devices	25	2.50	51	4.9
Victoria Bondholders Corp. — New York City real estate	23	20.00	625	3.2
Viking Pump Co. — Rotary pumps	25	1.40	27	5.2
Virginia Coal & Iron Co. — Owns soft coal land in Virginia and Kentucky	*43	6.00	95	6.3
Volunteer State Life Insurance Co. — Non-participating only	16	0.60	55	1.1
Vulcan Mold & Iron Co. — Cast iron ingot molds and accessories	25	0.50	9½	5.3
Wachovia Bank & Trust (Winston-Salem)	23	0.40	22	1.8
Walker Manufacturing Co. of Wisconsin — Auto parts	13	†1.38	48	2.9
Walnut Apartments Corp. — Owning and operating apartment house in Philadelphia	12	2.00	45	4.4
Warehouse & Terminals Corp. — Warehouses and outdoor storage	13	0.06	1⅜	4.4
Warren Bros. Co. — Paving contractors	16	1.60	47½	3.4
Warren (S. D.) Co. — Printing papers & allied products	23	1.40	45½	3.1
Washburn Wire Co. — Wire and springs	20	1.00	27	3.7
Washington National Insurance Co. (Evanston, Ill.) — Life, accident and health	36	†0.80	61	1.2
Washington Oil Co. — Crude oil and gas producer	34	2.00	28	7.1
Washington Steel Corp. — Producer of Micro Rold stainless steel and strip	11	0.70	26	2.7
Watson-Standard Co. — Manufacturer of paints, varnishes, industrial coatings, chemical compounds, and distributor of flat glass	24	0.60	11	5.5
Weingarten (J.), Inc. — Supermarket chain	32	0.70	31	2.3
Welsbach Corp. — Maintenance and installation of street lighting systems	12	†0.90	25	3.6

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
o Plus a 4% stock dividend paid on April 7, 1958.

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Named Directors

Charles B. Harding, senior partner of Smith, Barney & Co., New York investment bankers, and Jay L. Taylor, prominent Texas cattle, oil and banking executive, were elected to the Board of Directors of Scott Paper Company at the company's annual meeting in Chester, Pa.

Mr. Harding has been senior partner of Smith, Barney since 1944. In 1940 and 1941 he was Chairman of the Board of Governors of the New York Stock Exchange.

Mr. Taylor, a former Chairman of the Federal Reserve Bank of Dallas and past President of the American National Cattlemen's Association, is President of the Baker & Taylor Drilling Company of Amarillo.

Dean Witter Opens New Uptown N. Y. C. Office

Dean Witter & Co., members of the New York Stock Exchange and other leading security and commodity exchanges, has opened a new uptown New York City branch office on the main floor of the Corning Glass Building, 11 East 55th Street. The office is under the co-management of Robert F. Sully and Samuel G. Brown and staffed and equipped to render complete investment banking, brokerage and advisory services to individual, corporate and institutional investors. The firm's downtown New York City office is located at 14 Wall Street.

The new unit brings the Dean Witter network of offices to a total of 41, located in 15 States, including Hawaii.

With Tillman-Whitaker

(Special to THE FINANCIAL CHRONICLE)

ATHENS, Ga.—Robert H. Carson is now with Tillman-Whitaker Company, Inc., 128 College Avenue.

Joins Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ruth T. Erwin is now connected with Hemphill, Noyes & Co., 231 South La Salle Street. Mrs. Erwin was previously with the Milwaukee Company.

With Harry Peters

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—W. Carey Cook has become connected with Harry W. Peters, 610 Rood Avenue.

Walls Adds Two

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Thomas W. Boling and Joseph E. English, Jr. are now with Walls Associates, Inc., Candler Bldg.

Two With A. C. Allyn

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — William J. Austin and John F. Larkin have joined the staff A. C. Allyn & Co., 122 South La Salle Street.

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Inflation—A Problem of Shrinking Importance

vate industry rose by more than non-farm wholesale prices.

(e) In every one of the last 11 years except one, the hourly compensation of workers in private industry rose by more than the wholesale price of finished goods.

Table IV compares the change in wages with changes in productivity and in prices.[3]

III

The Influence of Unions on Wages

It would be an oversimplification to attribute the tendency of wages to outrun productivity solely to the unions. Even unorganized workers possess considerable bargaining power under conditions of high employment through their ability to withhold efficiency. But there is abundant evidence that unions have been successful in achieving their objectives of raising money wages.

Union membership was only a small part of the labor force until the Federal Government in 1933 and 1935 adopted the policy of vigorously encouraging membership. Today about half of the blue collar workers in industry are union members, and unions are particularly strong in the large companies in heavy industry that have the highest productivity and set the pattern for wage changes. Today virtually no one works at production jobs in the coal industry, the steel industry, the automobile industry, the rubber industry, the can industry, the flat glass industry, the railroad industry, the men's clothing industry, the women's garment industry, the airplane industry, the air transport industry, and in many parts of the construction industry, the paper industry, the electric light and power industry, and the trucking industry except on terms agreed to by some union.

One bit of evidence of the influence of unions on wages is the fact that wages have outrun productivity in the face of declining profit margins—a set of conditions that strongly suggest that wages have been pushed up much more than bid up. A second bit of evidence is that wages continued to rise in the face of falling demand for labor throughout the recession of 1958. A third bit of evidence is the fact that the rise of wages in the recession was greater in durable goods manufacturing, where the recession was more severe but unions stronger, than in non-durable manufacturing. A fourth bit of evidence is the success of the United Mine Workers in raising wages in the face of shrinking employment and in the success of a few unions, such as the hosiery workers, in driving nearly all union firms out of business.

Some spokesmen for unions have asserted that unions have failed in their essential purpose of raising money wages. By comparing price increases in highly organized industries with price increases in poorly organized industries, they have argued that unions have not affected prices. Such comparisons are meaningless. When labor costs are two-thirds of all costs, it is impossible to isolate their effect and to judge the influence of unions by whether or not the final stages in producing a commodity happen to be highly organized or not.

IV

The Future of Inflation

What about the future of inflation? The influences affecting the price level change from time to time. I am pessimistic about the possibility of halting creeping inflation largely because I am optimistic concerning the prospects of the economy and its capacity to grow. I expect that in the decades immediately ahead the movement of the price level will be affected by three principal influences: (1) the expansion of technological research; (2) the growing demand for government services; and (3) the great bargaining power of trade unions. Each of these influences will tend to produce a slow rise in the price level.

(1) **The expansion of technological research.** Technological research as everyone knows, has been growing rapidly for over 50 years. Measured in terms of the number of scientists and engineers devoting full time to research, this activity is more than five times as large as it was in 1930; measured by the ratio of research expenditures to the gross national product, it is about 13 times as large. Technological research affects both the demand for consumer goods and the demand for capital goods. It affects the demand for consumer goods by developing new kinds and varieties of consumer goods. People acquire these additional goods by going into debt, by drawing on accumulated savings, or simply by saving a smaller proportion out of a given volume of income. Technological research affects the demand for capital goods partly by developing new consumer goods that require new plant and equipment for their manufacture and partly by developing new processes and equipment that represent new investment opportunities.

The prospect that technological research will continue to expand and that it will raise the capacity of the economy to discover and develop new investment opportunities creates the probability that we shall be living most of the time in strong sellers' markets. That means that it will be difficult to prevent the price level from rising. This prospect shows how erroneous it is to assume that inflation necessarily means that there is something wrong with the economy. A rising price level (inflation, if you will) is likely to be a sign of vigorous economic health, of an economy possessing great capacity to develop new investment opportunities.

(2) **The growing demand for government services.** The strong demand for goods will be re-enforced by the growing demand for government services. As population grows and as the country becomes more crowded, as per capita incomes increase, as standards of consumption rise, the development of natural resources, the invasion of space, the efforts to control the weather, the provision of solitude and recreation, the support of science and education, the provision of transportation facilities will all make increasing demands on the government. We shall be reluctant to let the government spend a larger part of our incomes for us, but we shall also be faced with the fact that we shall have common needs that only the government or public corporations can satisfy. To some extent the dilemma may be met by curtailing the free services of government and expanding the service charges and fees. Such changes make for fiscal soundness, but the service charges and fees do tend to raise the price level.

(3) **The great bargaining power of trade unions.** In the kind of economy that we have and may expect to have, can trade unions be expected to limit their demands to the increase in real output per manhour? Certainly under most circumstances unions will have difficulty in justifying any greater demand, for increases that exceed the gain in productivity mean that the particular group of workers is claim-

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3 The changes in the year-to-year compensation of employees are computed from data in 86th Congress, First Session, *Hearings Before the Joint Economic Committee*, p. 782.

TABLE IV

	Increases in Average Hourly Compensation of Workers in Private Industry	Change in Real Product of Private Industry Per Manhour	Change in Consumer Price Index	Change in Nonfarm Wholesale Prices	Changes in Wholesale Prices of Finished Goods
1947-48	8.5%	3.6%	7.6%	8.5%	7.9%
1948-49	2.7	2.9	—0.9	—2.0	—2.8
1949-50	5.7	7.1	0.9	3.7	1.8
1950-51	9.3	2.5	8.0	10.4	9.5
1951-52	5.8	2.2	2.3	—2.3	—0.5
1952-53	5.9	4.1	0.8	0.7	—1.0
1953-54	3.5	1.8	0.3	0.4	0.3
1954-55	2.9	4.4	—0.3	2.2	0.2
1955-56	6.0	0.6	1.5	4.4	2.8
1956-57	6.0	2.7	3.4	2.8	3.6
1957-58	3.0	1.0	2.7	0.3	2.3

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
West Chemical Products — Sanitation products	19	0.80	14	5.7
West Coast Telephone Co. — Operating public utility	19	1.12	22⅞	4.9
West Mich. Steel Foundry — Steel and alloy castings	23	1.20	17	7.1
West Ohio Gas Co. — Natural gas utility (distribution only)	19	1.00	21½	4.7
West Penn Power Co. — Both operating utility and holding company	*36	2.60	56	4.6
West Point Mfg. Co. — Textile manufacturing	72	0.80	17	4.7
West Virginia Water Service — Wholesale gas; retails water and ice	14	†0.66	21¼	3.1
Westchester Fire Ins. (N. Y.) — Diversified insurance	88	1.20	32¾	3.7
Western Assurance Co. (Toronto) — Fire, marine, aviation, auto and casualty	25	2.80	78	3.6
Western Casualty & Surety Company — Multiple line, fire & casualty and fidelity and surety bonds	21	1.20	47½	2.5
Western Electric Co. — Makes telephone equipment for Bell system	23	3.60	190	1.9
Western Light & Telephone — Supplies electric, gas, water and telephone service	20	2.00	39⅜	5.1
Western Massachusetts Cos. — Electric utility holding company	33	2.20	48	4.6
Western Precipitation Corp. — Engineers and constructors of industrial equipment	13	0.80	20	4.0
Weyerhaeuser Timber Co. — Manufacture, conversion and sale of forest products	26	1.00	47½	2.1
Whitaker Cable Corp. — Manufacturer of automotive cable products	24	0.80	13¾	5.8
Whitaker Paper Co. — Paper products and cordage	25	2.40	49	4.9
Whitehall Cement Manufacturing Co. — Manufacturer of portland cement	13	†1.54	49	3.1
Whitin Machine Works — Textile machinery	72	0.75	15⅝	4.8
Whiting Corp. — Cranes, Trambean, chemical, foundry and railway equipment	22	1.00	12⅞	7.8
Whitney Blake Co. — Insulated wires and cables	17	0.30	10	3.0
Whitney Natl. Bk. (New Or.)	74	4.00	378	1.1
Wiggin Terminals, Inc., v.t.c. — Boston harbor	11	0.60	19½	3.1
Will & Baumer Candle Co. — Candles and beeswax	63	1.00	17½	5.7
Willett (Consider H.), Inc. — Maple and cherry furniture	*19	0.45	7	6.4
Williams & Co., Inc. — Distributor of metals	26	1.60	30½	5.2
Wilmington (Del.) Trust Co.	51	8.50	248	3.4
Winters Natl. Bank & Trust (Dayton, Ohio)	*34	1.00	24½	4.1
Wisconsin National Life Insurance Co. — Life, accident, sickness and hospitalization insurance	40	1.00	72	1.4
Wisconsin Power & Light — Electricity supplier	13	1.36	32⅜	4.2
Wisconsin Southern Gas Company, Inc. — Operating natural gas public utility	13	†0.99	19¼	5.1
Wiser Oil Company — Crude oil and natural gas producer	44	3.00	41	7.3
WJR The Goodwill Station (Detroit, Mich.) — Detroit broadcaster	31	†0.48	14	3.4
Wolf & Dessauer Co. — Fort Wayne department store	11	0.325	8⅝	3.8
Wolverine Insurance Co., Class A — Diversified insurance	12	1.00	51½	1.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Wood Conversion Co. — Manufacturer of wallboard, insulating, cushioning materials, etc.	22	0.40	18¼	2.2
Woodward Governor Co. — Speed controls for engines and propellers	20	2.50	70	3.6
Worcester County National Bank (Mass.) — Formerly known as Worcester County Natl. Bank. Name changed in January 1959	17	3.00	65	4.6
Wyatt Metal & Boiler Works — Sheet and steel plate fabricators	46	2.50	39½	6.3
York Corrugating Co. — Metal stamping, wholesale plumbing and heating supplies	23	0.80	14½	5.5
York County Gas Co. — Operating public utility	14	2.50	49	5.1
York Water Co. — Operating public utility	143	1.20	30	4.0
Yosemite Park & Curry Co. — Concessioner, National Park	17	†0.28	5⅞	4.8
Young (J. S.) Co. — Licorice paste for tobacco	47	4.50	58	7.8
Younker Bros. — Department stores in Midwest	*12	2.00	36½	5.5
Zeigler Coal & Coke Co. — Owns mines in Illinois and Kentucky	20	†0.57	15½	3.7

TABLE II

OVER-THE-COUNTER

Consecutive Cash DIVIDEND PAYERS for 5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Air Products, Inc. — Air, gas and equipment.	5	0.20	35½	0.6
Alabama Tennessee Natural Gas Co. — Pipeline	8	1.20	24½	4.9
Allen (R. C.) Business Machines, Inc. — Adding machines, typewriters, etc.	7	0.50	9¼	5.4
Allied Thermal Corp. — Holding co., heating equipment	5	2.00	37½	5.3
American Furniture Mart Building Co. — Chicago real estate	10	0.25	24	1.0
American Greetings Corp., Class B — Manufacture of greeting cards	9	1.20	33½	3.6
American Home Assurance Corp. — Diversified insurance	8	1.40	37	3.8
American Rock Wcol Corp. — Mineral wool insulation	8	1.00	15¾	6.3
Arrowhead & Puritas Waters, Inc. — Bottled drinking water	6	0.81	17¾	4.6
Atlas Finance Co. — Auto financing	7	0.70	8¾	8.0
Auto-Soler Co. — Manufactures nailing machinery	9	†0.24	4½	5.3
Barden Corp. — Precision ball bearings	5	0.50	20½	2.4

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Inflation—A Problem of Shrinking Importance

ing the right to profit at the expense of the rest of the community. But the fact that wage increases which exceed the average rise in productvity cannot under most circumstances be justified does not mean that they will not be made. Furthermore, although some employers now declare that they will not concede increases that exceed gains in productivity, one must remain skeptical until one sees employers hold the line in the strong sellers' markets that vigorous economic expansion may be expected to create.

V
What Can Be Done About Inflation?

What is done about inflation depends a good deal upon circumstances, so that a complete policy cannot be spelled out in advance.

Government spending is not the heart of the inflation problem. Indeed, this year we are being given a demonstration of the rather remote relationship between the state of the budget and inflation. The Federal Government is experiencing by far the largest cash deficit since the Second World War. Nevertheless, in February the consumer price index was no higher than it was in June, and the wholesale price level was virtually the same as in June. But the new and important demands that are being made on the government indicate the need for the government to review carefully the many subsidies that it now grants for the purpose of determining which are meritorious and which are not and to develop a program of service charges and fees for government services that are of commercial value to special groups. Finally, in order to reduce the inflationary impact of government fiscal operations, the government should at long last take the necessary steps to build up a healthy non-bank market for long-term government bonds. There has not been such a market for over 10 years. The banks and insurance companies have been liquidating their holdings and the securities thus released have been purchased, not by the general public, but by government controlled trust funds. Building a market for long-term government bonds obviously means paying the market rate of interest. This means getting rid of the present ceiling of 4.25%. The President has mentioned the desirability of eliminating the ceiling, but he has shown no disposition to make it an issue and to fight for it. But unless the ceiling is eliminated, there will not be a broad market in long-term governments — unless the government is willing to bring out a savings type bond without a maturity date paying interest equal to a fixed amount of purchasing power. The failure of either the present administration or the previous administration to face up to the fact that there is no broad market for long-term governments illustrates the sharp contrast between what people are willing to say about inflation and what they are willing to do.

Since the heart of the inflation problem is the tendency of wages to outstrip productivity, the central attack on inflation should be directed to limiting the economic power of trade unions. Depriving unions of some of their present extraordinary privileges, such as the use of coercive picketing to force people to join or the conscription of neutrals in labor disputes, would remove some glaring injustices, but would have little effect upon the bargaining power of most unions. Breaking up some of the large unions would have consequences that are hard to predict. Unions would lose some of their present ability to support strikes by some members while other members work and pay special assessments into a strike fund. Nevertheless, the new unions might drive hard bargains. There would be rivalries among them and each would have a strong desire to make a good showing.

Thus, if there were three or four unions in the automobile industry, each might feel a strong urge to make a better settlement than any of the others. Hence, breaking up the unions might increase their militancy and make reasonable settlements with them more difficult.

Offers Solution to Wage-Price Spiral

Solutions to the problems of rising labor costs may be found to some extent in the transformation of the character of unions. There are important possibilities for men to increase their earnings through earning a bonus based upon the success of the enterprise in reducing the ratio of labor costs to sales. Experience shows that this sort of incentive is capable of evoking a powerful response from the employees and that their capacity to contribute to technological advance is surprisingly strong. It is one of the

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shortcomings of management that it has allowed much of the potential interest and ability of the labor force to go to waste. Enlisting the active cooperation of employees in reducing the ratio of payrolls to sales is a promising method of attacking the central cause of inflation. It has the important advantage that it does not build up class conflict. On the contrary, it helps the employee become an integral part of the process of production; it makes use of his mind as well as his muscles; and it gives him a good opportunity to share in progress by making technological change yield him an increase in pay.

Finally, for those who are deeply concerned lest inflation produce dire catastrophe, there is the remedy of reducing tariffs and eliminating quotas. This would be a good step to take even in the absence of a problem of inflation because it would expose the American economy to a more vigorous competition from abroad. Foreign competition would be good for industry because it would be a wholesome spur to efficiency and to inventiveness in industry. In addition, it would encourage capital and labor to move from industries where they are at a comparative disadvantage in this country into industries where they are at a comparative advantage.

Too much should not be expected from reducing tariffs and eliminating quotas because, as a general rule, American producers (especially manufacturers) can undersell their foreign rivals. The strong position of American manufacturers is indicated by the fact that our exports of finished manufactures in 1958 were 2.4 times our imports. Nevertheless, the reduction of duties and the elimination of quotas would make it more difficult for American firms to pass on increases in labor costs to consumers and would stiffen the resistance of American employers to wage demands, thereby retarding the tendency of rising wages to push up prices.

No single step that the government could take would do so much to discourage inflation as the reduction of duties and the elimination of quotas. I suggest that the President begin the attack on inflation by withdrawing the recently imposed quotas on oil. These quotas are not even remotely connected with national defense. His willingness to do this will be a good test of his willingness to come to grips with the problem of inflation. I suggest, furthermore, that Congress provide for immediately starting a program that would gradually eliminate all duties and quotas within the next ten years. Willingness to support the elimination of duties and quotas is a good test of one's interest in inflation. People who are not willing to support the elimination of duties and quotas cannot claim to be strong opponents of inflation.

VI

Consequences of Inflation

A discussion of the consequences of inflation must distinguish between the effects of the rising labor costs and the effects of rising prices.

(1) **Rising labor costs are not likely to produce a cost-price squeeze.** The reasons for this conclusion are two-fold. In the first place, rising wages will be accompanied most of the time by a high rate of technological innovation which facilitates translation of higher labor costs into higher prices. In the second place, higher labor costs under most circumstances tend to generate income, thereby facilitating the translation of higher labor costs into higher prices.

(2) **If labor costs rise, higher prices are needed to protect the community against possible adverse effects of higher labor costs.** For example, higher prices are needed to prevent higher labor costs from limiting investment opportunities and thereby limiting production and employment. Higher prices are needed to protect profits in the face of higher labor costs and to preserve, more or less, the original distribution of income in the community.

(3) **If labor costs rise, an increase in prices is needed to limit the encroachment of rising labor costs upon savings.** To the extent that prices rise to offset the increase in labor costs, the original propensity of the economy to save remains unchanged. Likewise, the rise in prices prevents an unfavorable shift in the investment function. The net result is that both the investment function and the saving function of the economy are virtually the same at the new cost-price level as they were at the previous cost-price level. If this is so, the rate of saving has not been adversely affected by the rise in costs and prices.

(4) **Creeping inflation is not likely to break into a gallop.** The argument that it will break into a gallop assumes that speculators and others buy in anticipation of an increase in prices, that prices will be bid up, and that as they are bid up the tendency to buy in anticipation of higher prices will be strengthened. This theory runs into the inconvenient fact that prices do not behave as the theory says they do. Among 16 industrial countries in Europe and North America the rise in the consumer price index between 1953 and 1957 was less than the rise between 1948 and 1953 in all cases except two. The two exceptions were Belgium and Switzerland, where the rise in the consumer price index in both periods was small. In the United States the rise in the consumer price level in the second period was less than half the rise in the first period. Even in countries such as Austria, France, Norway, Sweden, and Great Britain, where the rise between 1948 and 1953 was very rapid, the rate of increase dropped in the subsequent five years. The following table compares the rise in the consumer price index in 16 industrial countries in Europe and North America in two recent periods:

	1948-53	1953-57
Austria	100.0	12.0
Belgium	5.3	7.0
Canada	19.0	6.0
Denmark	23.5	16.0
Finland	56.3	20.0
France	66.7	6.0
Great Britain	29.9	16.0
Ireland	26.6	12.0
Italy	16.3	10.0
Netherlands	28.2	8.0
Norway	35.1	12.0
Spain	26.6	23.0
Sweden	29.9	13.0
Switzerland	4.2	5.0
United States	11.1	5.0
West Germany	7.5	6.0

Various reasons enter into the tendency for the rate of increase in prices to drop, but the most important of these reasons is the simple and obvious fact that it takes money to buy goods. If people wish to buy in anticipation of higher prices, either they must curtail their purchases of many things (which is deflationary as far as those particular things are concerned) or they must draw on their credit. Their ability to draw upon their credit depends upon their credit worthiness and partly upon the reserve position of the banks. Consequently, whether or not creeping inflation becomes a gallop rests in the last analysis with the monetary authorities. Unless they see fit to provide the necessary reserves to finance galloping inflation, inflation will never become a gallop.

(5) **Creeping inflation will not cause the United States to be priced out of world markets.** No one can be sure what the future will bring, but, as I have pointed out, prices in most other industrial countries have risen considerably faster than in the United States. Since the principal industrial countries are more or less subject to the same influences

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Bradley (Milton) Co. — Games and toys	8	0.75	16¼	4.6
Brooklyn Borough Gas Co. — Operating public utility	9	1.00	21¾	4.6
California Interstate Telephone Co. — Telephone service	6	0.70	13⅞	5.0
Camco, Inc. — Gas lift equipment	6	0.10	14⅝	0.7
Capitol Records, Inc. — Recording, manufacturing and wholesaling of records, albums and pre-recorded tape	9	1.45	32	4.5
Carlisle Corp. — Inner tubes, brake lining, bicycle tires, etc.	9	0.65	15	4.3
Cedar Point Field Trust, ctfs. — Texas oil wells	9	0.49	5⅜	9.1
Central Public Utility Corp. — A holding company	6	0.80	28¼	2.8
Chicago Daily News, Inc. — Newspaper	5	0.50	40½	1.2
Chicago Railway Equipment Co. — Railway equipment and foundry (malleable)	8	0.20	36	0.6
Churchill Downs, Inc. — "Kentucky Derby"	8	1.30	16¼	8.0
Civil Service Employees Insurance Co. — Diversified insurance	*6	1.30	20	6.5
Commonwealth Natural Gas Corp. — Transmission of natural gas	5	1.80	50	3.6
Commonwealth Telephone Co. (Dallas, Pa.) — Telephone service	8	0.90	20¼	4.4
Consolidated Freightways, Inc — Motor freight	8	0.80	19⅝	4.1
Consolidated Rock Products Co. — Gravel and sand	7	0.80	14¾	5.4
Consumers Water Co. — Holding co.	8	1.20	32	3.8
Continental Transportation Lines, Inc. — Transports commodities	5	0.70	9⅞	7.1
Cooper Tire & Rubber Co. — Tires and tubes	9	†0.475	20	2.4
Corning Natural Gas Co. — Operating public utility	7	1.085	20	5.4
Cosmopolitan Life Insurance Co. — Life insurance	*6	†j0.04	6⅛	0.7
Cosmopolitan Realty Co. — Denver hotel	9	20.00	250	8.0
Craddock-Terry Shoe Corp. — Shoe manufacturer	10	1.00	21¾	4.6
Craftsman Insurance Co. — Diversified insurance	*6	0.40	20	2.0
De Laval Steam Turbine Co. — Turbines, pumps, etc.	8	1.25	36	3.5
Denver Chicago Trucking Co., Inc. — Motor common carrier	9	1.00	20½	4.9
Dewey Portland Cement Co. Cl. B — Portland cement	*10	1.05	21¼	4.9
Diebold, Inc. — Bank vault equipment	5	†0.57	26¾	2.1
Di-Noc Chemical Arts, Inc. — Lacquer wood grain finishes	5	0.50	16½	3.0
Eagle Stores Co. — Variety chain in South	7	0.45	4	11.3
East Tennessee Natural Gas Co. — Supplies Oak Ridge	5	0.60	11⅜	5.3
Eastern Industries, Inc. — Mfrs. pumps and traffic signals	7	0.40	21½	1.9
Fairbanks Co. — Valves, etc.	6	0.10	6⅛	1.6
Farm Equipment Acceptance Corp. — Farm equipment financing	7	0.45	9½	4.7
Farmer Brothers Co. — Wholesale roast coffee and related products	7	0.40	6½	6.2
Fearn Foods, Inc. — Soup bases, seasoning compounds, etc.	6	0.50	7¾	6.5
Federal Life & Casualty Co. (Battle Creek, Mich.) — Life, accident & health	5	1.00	96	1.0
Fifteen Oil Co. — Oil and gas, Gulf Coast	5	0.30	11½	2.6
Fort Worth Steel & Machinery Co. — Power transmission equipment	6	0.20	4¼	4.7
FRITO CO. — Food products ● See Company's advertisement on page 37.	6	†0.74	33	2.2
Funsten (R. E.) Co. — Sheller and packer of pecans, walnuts and almonds	9	0.60	13	4.6
Gamble Brothers, Inc. — Lumber products	9	0.65	11	5.9
Giant Portland Cement Co. — Portland cement	6	0.80	23¼	3.4
Glitsch (Fritz W.) & Sons, Inc. — Refining equipment	6	1.00	12½	8.0

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
j Plus one share of Cosmopolitan Funeral Homes common for each 52 shares held.

THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Government Employees Corp. — Auto financing	6	0.70	59	1.2
Green Mountain Power Corp. — Public utility, electric and gas in Vermont	8	1.00	20⅜	4.9
Greenwich Gas Co. — Public utility — Distributor of natural gas	8	0.70	13⅜	5.2
Grolier Society, Inc. — "The Book of Knowledge" and "Encyclopedia Americana"	6	0.85	28⅞	2.9
Hagerstown Gas Co. — Natural gas supplier	8	0.80	11	7.3
Hoving Corp. — Bonwit Teller women's stores	6	0.70	13	5.4
Hubinger Co. — Corn refining	10	1.20	25	4.8
Hudson Pulp & Paper Corp., Class A — Pulp, paper and paper products	8	1.26	30½	4.1
Hugoton Production Co. — Natural gas producer	6	2.65	78½	3.4
Indiana Gas & Chemical Co. — Coke	8	0.75	18	4.2
International Textbook Co. — Printing, publishing and home study schools	8	3.00	70	4.3
Interstate Motor Freight System — Common motor carrier	10	†0.525	11¼	4.7
Jack & Heintz, Inc. — Manufactures aircraft electric equipment	8	0.80	12¼	6.5
Jacobsen Manufacturing Co. — Power lawn mowers	7	0.30	5¾	5.2
Jersey Mortgage Co. — Mortgage banking and real estate	9	3.00	47	6.4
Kaiser Steel Corp. — Leader on Pacific Coast	8	0.40	52½	0.8
Kay Jewelry Stores, Inc. — Retail credit jewelry stores	*5	1.60	18½	8.6
Kelling Nut Co. — Edible nuts	7	0.25	6¼	4.0
Keyes Fibre Co. — Manufacturer of molded pulp and plastic articles	9	1.20	23½	5.1
Keystone Portland Cement Co. — Manufactures cement	9	2.20	38	5.8
Langendorf United Bakeries — West Coast baker	10	1.20	22⅝	5.3
Lee & Cady Co. — Wholesale grocery chain	6	0.60	8½	7.1
Ley (Fred T.) & Co. — N.Y.C. real estate	6	0.25	3⅝	6.9
Louisville Investment Co. — Formerly known as Louisville Transit Co. Name changed in July 1958.	6	2.75	52	5.3
Marmon-Herrington Co. Inc. — Heavy duty trucks, mining equipment and supplies	9	0.50	14	3.6
Marsh Steel Corp. — Metal products	7	0.40	6⅞	5.8
Material Service Corp. — Limestone	7	3.00	351	0.9
MAXSON (W. L.) CORP. — Electronic equipment ● See Company's advertisement on page 50.	10	0.05	11⅞	0.4
McNeil Machine & Engineering Co. — Tire curing presses, industrial machinery, lubrication equipment	8	1.70	33½	5.1
Metals Disintegrating Co. — Metal powders	9	0.40	21½	1.9
Mexican Eagle Oil Co., Ltd. Ordinary — Property interests	8	0.86	2¾	31.3
Michigan Gas Utilities Co. — Natural gas distributor	6	1.00	22¼	4.5
Michigan Surety Co. — Diversified insurance	*6	0.625	75	0.8
Mississippi Valley Gas Co. — Natural gas distributor	6	1.16	25¼	4.6
Monmouth Park Jockey Club, Common and VTC — Thoroughbred horse racing	7	0.45	7¾	5.8

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

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Inflation—A Problem of Shrinking Importance

(such as powerful trade unions and an insistent popular demand for social services that precludes much reduction in taxes), all of the industrial countries are likely to experience about the same movement of the price level. Unfortunately, foreign countries are hampered in competing with the United States by various special circumstances. In Britain, the largest manufacturer outside the United States in the free world, taxes are exceedingly burdensome and efficiency in much of industry is held down by wasteful union rules and, in the metal trades by an unruly shop stewards' movement which in many plants has prevented management from exercising proper control of operations.

But American business must expect foreign competition to become stiffer. This will be a good thing for the United States — a useful spur to efficiency and, at least, a modest check on increases in prices. The need for more foreign competition in American markets is shown by the howls of anguish which arise whenever a few imports enter the country. Our exports of iron and steel products in 1958 were more than twice as large as our imports; our exports of machinery were seven times as large as our imports; our exports of cotton manufactures were nearly twice as large as our imports. Nevertheless, all of these industries have expressed alarm over the influx of imports—as if they had the right to pick the pockets of American consumers unchecked by foreign competition.

(6) **Creeping inflation is not likely to cause a flight from the dollar.** The people who predict a flight from the dollar do not say where the money is to go or what the money is to be looking for. If owners of funds are searching for a stable price level, they will have difficulty in doing better than keeping their money right here in the United States. If the owners of funds are looking for productive investment opportunities, they can find such opportunities in limited quantities outside the United States, especially in Canada and some parts of western Europe. In some parts of the world investors had better be prepared to recover their original investment rather promptly because it is likely to be confiscated. The attraction of the United States for funds at the present time is abnormally low because of the unwillingness of the government to pursue expansionist policies. But regardless of which party wins in 1960, a change in the direction of more expansionist policies is to be expected. Such a change will strengthen the dollar by attracting investment-seeking funds.[4]

VII
Summary

To sum up: The problem of inflation is less important than many people would have us believe and is diminishing in importance. The dire results predicted for creeping inflation have not happened, and are not likely to happen.

I expect that the rate of increase in prices will continue to drop, as it has been doing for twenty years, but I do not expect to see it completely cease in the foreseeable future. I am pessimistic about our chances of completely halting creeping inflation because I am optimistic about the future of the economy. The kind of inflation that we shall get is the kind that often accompanies a vigorous and healthy economy. The features that stand out in the economy of the immediate future are: (1) thriving and increasingly successful technological research; (2) the assumption of larger responsibilities and the provision of more and better services by government; (3) a powerful and dynamic trade union movement.

Each of these features of the economy is good in itself. Together the three features make for a vigorous and progressive economy. But these three features also tend to produce inflation — not galloping inflation, but the slow upward creep in the price level that results from a strong demand for goods and a slow climb in labor costs.

Action against inflation will be tardy and spotty. It will be difficult to get the government to take such an elementary step as paying sufficient interest to build up a non-bank market for long-term government bonds. Progress in making a critical review of the multitude of subsidies in the budget and in getting rid of the unjustifiable ones will be slow—in fact, it may never occur. Public hostility to inflationary wage settlements may slowly force unions to moderate their wage demands, but their demands may still be inflationary. The need of unions for an idealistic principle to arouse the devotion of their members and to win the approval of the public may lead unions to embrace wage payment systems that lead all the men in the plant to cooperate in reducing labor costs. The elimination of duties and quotas, though badly needed, will probably make only slow progress, but American industry will have the good fortune to meet increasingly effective competition from abroad.

The fact that inflation is of diminishing importance means that inflation is less important than some other economic problems. Certainly, at the present time inflation is far less important than the problem of 4.4 million unemployed. Likewise, it is less important than the huge waste of resources caused by the misdirection of production in the farm program. It is less important than the wastes that follow from the lack of adequate facilities to train skilled craftsmen and technicians. And certainly it is less important than the waste and the injustice caused by color bars that exclude Negroes from a multitude of occupations. As the public realizes that the bad results of inflation have been greatly exaggerated and that some of these results will not hapen at all, it will give attention to other problems — particularly the problems of unemployment and of achieving an adequate rate of growth. The greatest harm and waste caused by inflation and the fear of inflation is that they have made both government and industry afraid of expansionist policies and have deprived the country of billions of dollars of production and millions of man years of employment which the country could have had if it had not made a fetish of a stable price level.

4 Note that the Canadian dollar has been strong in spite of the fact that the Canadian price level has risen more rapidly than the price level here. The reasons are (1) the abundance of attractive investment opportunities in Canada, and (2) the expansionist policies of the Canadian government.

Richard Mahar Joins Woodcock, Hess, Moyer

PHILADELPHIA, Pa. — Woodcock, Hess, Moyer & Co., Inc., 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges, announce that Richard M. Mahar has become associated with them as Manager of their Research Department.


Richard M. Mahar

Mr. Mahar, who has been active in the investment securities industry for the past ten years, was formerly associated with Shearson, Hammill & Co. in their New York office as Senior Security Analyst.

Chicago Analysts to Hear

CHICAGO, Ill.—At the luncheon meeting of the Investment Analysts Society of Chicago to be held April 23 in the Adams Room of the Midland Hotel, J. E. Johnsson, Chairman, P. E. Haggerty, President, and B. F. Smith, Secretary and Treasurer of Texas Instruments will address the group.

Rittmaster, Adelberg

Rittmaster, Adelberg & Co. will be formed as of May 1st. The firm, which will hold membership in the New York Stock Exchange, will have offices at 261 Madison Avenue, New York City, and at 1 Wall Street. Partners will be Arthur Rittmaster, Jr., Arnold J. Adelberg, who will acquire a membership in the New York Stock Exchange, general partners, and Mindelle Gross and Gilbert Rittmaster, limited partners.

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THE OVER-THE-COUNTER MARKET — PROGRESSIVE AND PANORAMIC

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Moore (William S.), Inc. Retailing	10	†0.09	3¾	2.4
Mutual Mortgage & Investment Co. Mortgage financing	6	3.25	67	4.9
National Cranberry Assn. Cranberry products	9	1.00	11	9.1
National Gas & Oil Corp. Natural gas and Pennsylvania grade crude oil	9	1.225	23¼	5.3
New Jersey Natural Gas Co. Natural gas distributor	9	†1.47	44¾	3.3
N. Y. Wire Cloth Co. Insect metal screening	7	1.30	17	7.6
Norris-Thermador Corp. Metal stamping and fabrication	9	0.75	15¾	4.8
North Penn Gas Co. Natural gas public utility	9	0.60	11	5.5
Northport Water Works Co. (Northport, N. Y.) Sale of water	6	1.60	28	5.7
Northwest Natural Gas Co. Operating public utility	7	0.69	17¾	3.9
Northwest Plastics, Inc. Plastic products	8	0.20	6½	3.1
Pacific Outdoor Advertising Co. Outdoor advertising	8	0.40	10½	3.8
Palace Corp. Trailers	8	0.10	2⅞	3.5
Pantex Manufacturing Corp. Laundry equipment	7	0.40	21¼	1.9
Paragon Electric Co. Automatic time controls	10	†0.79	14½	5.4
Park-Lexington Co. N. Y. C. real estate	7	10.00	172	5.8
Parker-Hannifin Corp. Manufacturer of hydraulic and fluid system components	9	1.20	p43	2.8
Penn Controls, Inc. Manufactures automatic electric controls	10	1.20	20¼	5.9
Penn Fruit Co. Inc. Regional super market chain	7	†0.34	20⅜	1.7
Penton Publishing Co. Business and technical journals	10	1.30	20¼	6.4
Perfex Corp. Manufacturer of heat transfer products	10	1.25	14	8.9
Petersburg Hopewell Gas Co. Natural gas	7	†0.96	22	4.4
Philadelphia Fairfax Corp. Philadelphia apartment house	6	2.50	54	4.6
Pioneer Natural Gas Co. Serves West Texas & New Mexico	*5	1.40	32½	4.3
PLASTIC WIRE & CABLE CORP. Plastic covered wire and cable ● See Corporation's advertisement on page 45.	7	1.00	23	4.3

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.
p A 100% stock dividend was declared in February 1959.

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Plymouth Rubber Co. Plastic and rubber specialties	5	0.25	7¼	3.4
Portable Electric Tools, Inc. Portable tools	7	†0.32	12¾	2.5
Porter-Cable Machine Co. Portable electric tools	6	†0.76	18	4.2
Portland Gas & Coke Co. Name changed in August 1958 to Northwest Natural Gas Co.				
Quaker City Cold Storage Co. v. t. c. Cold storage facilities	9	0.20	8½	2.4
Quaker City Insurance Co. Diversified insurance	10	0.60	7¾	7.7
Queen Anne Candy Co. Bar and bulk candy	10	0.10	2½	4.0
Racine Hydraulics & Machinery, Inc. Pumps, valves, etc.	6	0.15	8½	1.8
Radio Condenser Co. Manufacturing electronic parts and components, variable condensors, auto push button tuners, military tuners	6	0.10	5	2.0
Ritter Finance Co., Class A Personal loans	7	0.28	5¾	4.9
Robbins & Myers, Inc. Manufacturing motors, fans, hoists & cranes, and pumps	9	2.00	44	4.5
Rochester Transit Corp. Rochester, N. Y., bus lines	9	0.40	5½	7.3
Rumford Printing Co. Magazines	7	4.00	75	5.3
Seaboard Fire & Marine Insurance Co. (NYC) Multiple line insurance (excluding life)	9	0.90	18	5.0
Shedd-Bartush Foods, Inc. Margarine, peanut products and salad products	9	1.00	21	4.8
614 Superior Co. Rockefeller Bldg., Cleveland	6	2.00	46	4.3
Smith (T. L.) Co. Concrete mixing equipment	9	0.20	16	1.3
Smith & Wesson, Inc. Pistols and revolvers	5	0.50	24	2.1
Snyder Corp. Special machinery Formerly known as Snyder Tool & Engineering Co. Name changed in October 1958.	8	†0.19	11¾	1.6
Sommers Drug Stores Co. Retail drug store chain	9	0.40	8	5.0
Sorg Paper Co. Sulphite, kraft and rag papers	9	†0.49	13½	3.6
Southern Nevada Power Co. Electric utility	8	1.00	26¾	3.7
Southland Paper Mills, Inc. Newsprint	8	2.00	130	1.5
Southwestern Engineering Co. Diversified operations	7	0.35	15	2.3
Spartan Mills Cloths and sheetings	9	0.75	32	2.3
Standard Commercial Tobacco Co. Tobacco merchandising	7	0.15	4¼	3.5
Standard Milling Co. Class B, voting Flour and grain	5	0.20	5¾	3.5

Company	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1958 $	Quotation Dec. 31, 1958	Approx. % Yield Based on Paymts. to Dec. 31, 1958
Standard Paper Manufacturing Co. Sulphite bonds & coated papers	8	4.00	53	7.5
Steak 'n Shake, Inc. Restaurant chain	6	0.30	4⅞	6.2
Sterling Discount Corp. Auto financing	7	0.30	8	3.8
Stubnitz Greene Corp. Cushion and back spring assys. polyurthane foams, refrigerator shelves, and condensers, thermo-electronic relay	10	0.50	10	5.0
Suburban Gas Service, Inc. Petroleum gases	9	†0.93	26¾	3.5
Tejon Ranch Co. California land holdings	10	0.60	28¼	2.1
Tennessee Natural Gas Lines, Inc. Pipe lines	9	†0.54	16½	3.3
Texas Eastern Transmission Operates natural gas pipelines	9	1.40	33⅛	4.2
Texas, Illinois Natural Gas Pipeline Co. Natural gas transmission	6	1.20	23¼	5.2
Texas Industries, Inc. "Haydite" clay & shale aggregate	7	0.25	9⅞	2.5
Title Guarantee and Trust Co. (N. Y.) Title insurance	7	1.26	24	5.3
Toronto General Insurance Co. Fire & casualty	*6	1.50	23¾	6.3
Transcon Lines Motor freight—common carrier	9	0.35	13	2.7
Transcontinental Gas Pipe Line Corp. Interstate natural gas pipeline system	8	1.00	24⅞	4.0
United States Life Insurance Co. in the City of N. Y. Life, accident, health and group	8	†0.12	46	0.3
United States Sugar Corp. Sugar production	8	1.50	32¾	4.6
United Transit Co. (Del.) Street railway & bus lines	6	0.60	5⅜	11.2
Vendo Co. Vending machines	7	0.60	10⅞	5.5
Virginia Hot Springs, Inc. Resort hotels	10	2.00	39	5.1
Vulcan Corp. Wood heels, bowling pins, etc.	9	0.80	13½	5.9
Warner & Swasey Co. Machine tools, earth moving machines, textile machinery, etc.	9	1.00	22⅜	4.5
Waverly Oil Works Co. Oils, greases and soaps	9	0.50	10½	4.8
Weco Products Co. Toiletries	6	1.00	17⅛	5.8
Western Utilities Corp. Holding company and publishing telephone directories	6	0.32	7⅝	4.2
Wurlitzer Company Manufacturer and retailer of musical instruments	10	0.40	9¼	4.3
Wyckoff Steel Co. Cold finished steels	10	1.20	20¼	5.9

* Details not complete as to possible longer record.
† Adjusted for stock dividends, splits, etc.

With F. L. Putnam

(Special to THE FINANCIAL CHRONICLE)

AUGUSTA, Maine—Mona L. Bangs has joined the staff of F. L. Putnam & Co., 154 State Street.

Lester, Ryons Adds

LOS ANGELES, Calif.—G. Edward Wren is now associated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with H. E. Work & Co.

Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offerings of potential purchasers and sellers for all securities listed on it. Genuine auction marketing in a security cannot be maintained, however, unless there is sufficient activity in it.

In those cases where less active securities are traded on an exchange, it devolves upon the stock specialist for each particular stock to create a market, in the absence of sufficient public orders to buy or sell, by, in effect though not in strict parlance, putting in an order for his own account. In other words, if you wanted to sell 100 shares of XYZ stock and the specialist had no order from anyone else to buy that stock, he himself would be expected to enter a reasonable bid on his own.

The continuity of any market thus created is largely dependent upon his financial resources and his willingness to thus risk his own money.

The Over-the-Counter Market

On the Over-the-Counter Market the situation is quite different. Here there are a tremendous number of dealer firms from coast to coast that interest themselves in making a market for unlisted and some listed stocks and bonds. Most of them can communicate with each other instantaneously through private telegraph wires or other facilities at their disposal.

Thus many over-the-counter dealer-brokers, in New York, for instance, will be doing business throughout the day with other dealer-brokers in Boston, New Orleans, Chicago, St. Louis, Denver, Los Angeles, San Francisco, Seattle and other cities from coast to coast. As an integral part of their operations dealer-brokers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market.

A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security momentarily—often while the call is progressing.

Some "Counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market there are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts just as a merchant does in other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real economic values." Many apparently buy stocks according to hoped-for price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without unwarranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insights as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acumen, initiative, imagination and forcefulness of the officers and directors of the corporation. Speculation as to how the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. And although he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

Inventory Positions

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of the real value of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers, of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds, idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-the-Counter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipalities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.

Continued from page 5

The Coming Crisis in External Convertibility in U. S. Gold

1929-1933. But Mr. Root could hardly have anticipated the outcome of the crisis. Instead of recognizing that the crisis was caused by too much credit, it became established belief that the cause was too little credit. The remedy for the evils of overexpansion turned out to be merely more expansion. The capacity of the banking system to expand credit was again vastly increased. In subsequent periods of minor crisis the same essential remedy has been applied.

Cites Another Basic Contradiction

It now seems clear, in retrospect, that the organization of the Federal Reserve System was fundamentally inconsistent with the maintenance of the gold standard. The new banking organization provided the machinery for a vast expansion of money and credit, but at the same time the right of non bank owners of money to demand gold was not substantially abridged. Without doubt the sponsors of the system intended it to operate as something of a balance wheel, expanding credit in periods of reduced business activity, and applying the brakes in periods of over-active business. But it did not turn out quite that way. World War I made it necessary to give first attention to the necessities of war finance rather than to the sound development of a system of central banking. At the conclusion of the war the overexpanded situation in agriculture made financial adjustment difficult. The Federal Reserve Board in 1920 did increase the rediscount rate and take other steps to correct some of the excesses of war finance. But this action came under violent political attack, especially by agricultural interests. In the years following the continued depression in agriculture as well as a desire to assist in economic recovery abroad led the Board to more or less continuously expand Federal Reserve credit. The member bank expansion of assets and deposits in the period from 1922 to 1929 was not based on commercial loans but rather on investments and loans on securities and real estate. From 1921 to 1931 the assets of the banking system increased as follows:

	Billions
Loans on securities	$3.7
Loans on real estate	5.7
Investments	6.6
Other loans (commercial)	1.8
Miscellaneous	1.0
Total	$18.8

This essentially non-liquid bank expansion of the 1920's was without doubt a logical outcome of Federal Reserve policy during this period. The central bank did not create massive reserves, but it was the policy to rather continuously maintain excess reserves in the member banks of several hundred million dollars. Only occasionally and rarely did the Board follow the policy that in recent years has come to be called "passive resistance — standing by and allowing the market to tighten itself without taking active steps to provide new reserves.

It is worth emphasizing that it was the quality of this expansion even more than its quantity that caused trouble. In a very narrow sense, especially from the standpoint of the individual bank, loans on securities and real estate, and bond holdings seem to be "liquid" in the sense that these assets under normal conditions are shiftable. But from the standpoint of the economy as a whole liquidity should be thought of as that quality which permits the economic consequences of human error in the creation of credit to be absorbed without serious damage to general equilibrium. Human error is inevitable and even desirable. Human progress is advanced in a setting in which the penalty for error is loss and reward for sound action is profit. Individually bankers may make errors in the extension of commercial credit but such errors are quickly brought to light and a banker who makes too many errors does not long remain a banker.

Impairs Judgments

The essential point is that the smooth functioning of a free economic system depends upon reasonably accurate judgments and that deliberate bank deposit inflation makes these judgments very much more difficult. Estimates of demand become difficult because it becomes almost impossible to determine how much of current demand is based on true earnings and savings and how much is related to monetary expansion.

The change in the quality of bank credit was undoubtedly related to the rapidity of the change in quantity. A bank credit expansion that is supported by or forced by a continued expansion in bank reserves by the central bank must, almost inevitably, deteriorate in quality. Individual banks and bankers had no choice. The inundation of deposits had to be invested if the banks were to remain solvent; if the usual commercial loans were not available, then there was no alternative but to expand investment type assets. Moreover to the individual banker these assets appeared to be sound because they were normally shiftable.

But all this expansion was undertaken within the limits of the gold standard. The owners of money and bank deposits could convert these assets to gold, and it was inevitable that at some point in the credit expansion a preference for gold would develop.

Compounding Past Errors

The reorganization of the banking structure in 1933 and 1934 was generally based upon the principle that the cure for the evils of our overexpansion is more expansion. The gold standard was necessarily abandoned so far as internal convertibility was concerned, although external convertibility at the new rate of $35 per ounce was continued. Limitations upon capital lending and real estate lending by banks were eased and the capacity of the central bank to expand reserves was enormously expanded. The errors of the past were not corrected but compounded. In subsequent periods of minor crisis the remedy applied has always been one that involved, either directly or indirectly, more credit. If housing starts fall off, the industries and areas concerned seek remedies that involve an expansion of either public or private credit. If employment is somewhat reduced there is an immediate public clamor for action that involves an expansion of credit. If the Board of Governors, without reducing total Federal Reserve credit, merely stands by and refuses to furnish additional reserves to support an expanding credit structure, it is immediately denounced for its "tight money policy." All of this is to say that the public is unwilling to accept the discipline of the market. There seems to be no understanding that a stable economy is dependent upon some general degree of correspondence between capital investment and savings.

It is quite true that once demand deposits have been manufactured by bank acquisition of investment assets, no conceivable manipulation can be effective in undoing the damage. True, rediscount rates can be raised, reserve requirements increased, and Federal Reserve credit outstanding reduced. But even if these restrictive steps were politically possible, the only effect would be that new and legitimate commercial transactions would be prevented and the free exchange of goods and services prevented.

Curing Crises With More Money

It is not surprising that in long and persistent inflations the recurring crises seem to be caused by too little money and the remedy indicated a still greater infusion of credit. It has always been so. In his classic study of fiat money inflation in France, Andrew D. White reported that the people were led to believe that each recurrent crisis was a result of insufficiency of currency and the wickedness of the rich. There is more than a slight resemblance between our currency and bank deposits, and the assignats and mandats of revolutionary France of which Mr. White wrote. Money and credit in the United States and in most countries of the world rest largely on government bonds and investment type assets of commercial banks; the assignats and mandats were based allegedly on the security of government lands, and indeed were given some convertibility into such land. But there was very little conversion. Those who had sufficient funds to convert probably wished to avoid conspicuous wealth; the revolutionary government had seized these lands from the wealthy, the nobles, and the Church; they might be seized again.

The inflationary spiral once started tends to feed on itself. The greater the volume of irredeemable money and credit the greater seems the need for further issue. Attempts of money "managers" to hold back the tide and to relate the volume of money and credit to the volume of production or to an amount required to maintain a stable price level are met with political frustration. Money managers who seek to contract the volume of credit rather than to expand it do not long remain in power.

But it would be an error to look for the causes of inflation in the technical organization of the banking system or even in the economic and political organization of society. The roots of the inflationary bias are firmly rooted in political immaturity and economic illiteracy. The delusion that money based on government bonds is somehow better than "printing press" money seems persistent. Equally persistent is the delusion that the money supply is not excessive so long as it does not exceed total wealth expressed in money terms. It seems to be a melancholy fact that even democratic societies must relearn the ancient principle that "the promises of the sovereign are not good currency."

II

Inflation and the Federal Budget

The belief that the problem of inflation would be solved if somehow the national budget be balanced is widespread. True is it that unbalanced national budgets and inflation have commonly gone together. True is it that a persistently unbalanced national budget has usually been the most significant source of inflation. But it should not be forgotten that unbalanced budgets are a consequence as well as a cause. It is entirely possible to have noninflationary unbalanced national budgets; it is equally possible for inflationary pressures to emerge with a balanced national budget. If a budgetary deficit is not chronic and is absorbed by individual savers and savings institutions there need be no expansion of money supply. On the other hand if the banking system with reserves supplied by the central bank, adds to its holdings of loans and investments, a substantial expansion of money supply can occur even with a balanced national budget.

Attention should also be directed to the fact that increasingly in recent years the Congress has authorized certain expenditures outside the regular budget with the resulting debt not included in the official total of the national debt.

It is increasingly difficult to know when the national budget is in balance. Indeed there has been a great deal of support in Congress and out for a so-called "double budget" or for a "capital budget." This involves a quite naive belief that somehow the national government is like an individual or private corporation and that it is immaterial whether the so-called capital budget is balanced; it is only important that the "current budget" be in balance. Perhaps this belief might have some validity if the unbalanced capital budget were always absorbed by savers and kept out of the banking system, and if it were assumed that this would not serve to shift an equal volume of private capital expenditures into the banking system. There might even be some validity in the idea if capital budgets were unbalanced only in periods of poor business and overbalanced in good years. But the concept of the cyclical budget appears to have died with John Maynard Keynes. Altogether the idea of the capital budget seems chiefly useful as a means of rationalizing and encouraging greater national expenditures.

III

Some Arguments Considered

It is in order to examine the arguments of those who do not consider the suspension of gold payments likely. The First National City letter referred to previously did not consider the suspension of payments to be imminent but rather clearly indicated the urgent necessity to repair monetary and fiscal policies that impair trust in the dollar. The concluding paragraph of this section of the letter follows:

"The fact that excess gold reserves are still so far above minimum requirements gives time —but not indefinite time—to repair policies that hurt trust in the dollar."

While this bank letter did not argue specifically against the probability of ultimate suspension the arguments were cogently presented and will be considered following.

(1) **The large gold outflow of 1958 did not represent a drawing down of foreign balances in the United States but only a balance of payments deficit of the United States.** This balance of payments deficit is a result of an increase of imports relative to exports, the continued foreign aid program, and private foreign loans and investments. The fact that foreign countries, especially the countries of western Europe have so repaired and improved their productive machinery as to be able to effectively compete in world markets is nothing to be pessimistic about. Indeed it is fundamentally a hopeful sign; more and better balanced trade is to be sought. This has, in fact, been an important element in United States foreign policy in recent years. But viewed solely from the point of view of the prospect for maintenance of gold convertibility it is quite another matter. An important ingredient in this balance of payments deficiency was the relative boom in imports which has been influenced by the fact that costs in the United States in important areas of the economy have become out of line with foreign costs. Unless vigorous steps are taken to slow down or halt the price-cost spiral in the United States (or a radical reduction in foreign investment and aid programs) it is to be expected that this deficit will continue. It is the substance of this analysis that such vigorous action is unlikely. Merely to balance the national budget would not be enough; it would be necessary to undertake monetary action as would achieve a balance between savings and investment. Since this seems most unlikely, it is to be expected that the gold drain will continue.

(2) **Some part of foreign dollar holdings represent necessary working balances to meet current or prospective payment requirements in the United States and would not be available as a basis for withdrawal of gold.** Without doubt some of the foreign balances do represent working balances and could not be withdrawn. But that these necessary working balances are large in relation to total claims seems questionable. United States claims on foreigners on current account amount to only about two and one-half billions and it does not appear that necessary working balances of foreigners in the United States would be very much larger than this. Moreover even if these so-called working balances, whatever their size, are maintained but the trade deficit continued there will be a continued gold drain.

(3) **In the postwar period there have been previous outflows of gold of substantial magnitude and these came to an end when it became apparent that rampant inflation in the United States would not occur.** During the fourth quarter of 1950 there began a substantial gold outflow as a reflection, apparently, of the Korean war and sharp inflationary pressures. But this movement halted in the spring of 1951 coinciding with some lessening of inflationary pressures in the United States and in particular with the Treasury-Federal Reserve "accord." Even here, however, there was very little reduction of pre-existing balances. There is no doubt that foreign expectations concerning inflationary prospects in the United States play a significant role in gold movements and depending upon economic and political developments there might be a halt to the gold outflow. But if inflationary pressures in the United States are chronic rather than temporary then the outflow will start again. It is not urged that the present movement is the beginning of the end of gold payments. It is urged, however, that unless the prevailing economic trends of recent decades are reversed the maintenance of gold convertibility is impossible.

(4) **Inflationary pressures in the United States are weaker than in many foreign countries.** This is undeniably true but not altogether relevant. A decision as to maintaining balances in another country is not governed solely by relative inflationary pressures so long as there is an option of withdrawal in gold. Suppose that the central bank in an inflation-ridden country hold deposits in the United States and that there are serious but lesser inflationary pressures in the United States. Quite reasonably the central bank in the inflation-ridden country might prefer gold to dollars even if its own inflationary pressures were very much more difficult

(5) **While the United States is a debtor at short-term it is a creditor on long-term account.** This is all quite true but hardly relevant. United States investments in foreign securities and

properties around the world cannot be offset against foreign short-term claims in the United States. These long-term investments are largely private and often a part of integrated international enterprises and are most unlikely to be liquidated But even if they were liquidated the resulting balances in foreign funds would be subject to restrictions and in any event would not be an offset against foreign short-term claims against the United States. It is, after all, the United States that presently stands ready to convert foreign short-term claims into gold. Gold convertibility is not reciprocal.

IV

What Are the Alternatives?

In any effort to anticipate the outcome of a given set of forces it is useful to review the possible alternatives. In the present situation the possible alternatives seem to be the following:

(1) To raise the price of gold. It is well known that there is a terrific clamor for an increase in the price of gold, and at least to the unsophisticated there seems to be a plausible case to be made for this action. The price of gold has remained unchanged since 1934; such action would, almost at the stroke of a pen, substantially increase gold holdings in dollar terms. To foreign and domestic gold mining interests this appears to be the obvious answer. But it is not so simple as it appears. In the first place it has obvious inflationary overtones. It should be said at once that such action would be no more inflationary than many things that have been done or are being done—but it would be so obviously inflationary. Dominant political forces in the United States have not always understood the consequences of monetary and fiscal action but it is more than doubtful if any important segment of either political party has deliberately or knowingly sought inflation or would wish to be identified with an action so clearly and obviously inflationary. Moreover, since the United States is not a large gold producer, such an action would be, in effect, a gigantic "give away" program benefitting the gold producing countries of the world, principally South Africa, Canada, and quite possibly Russia. In addition it would operate as a fraud upon those countries that have kept deposits in the United States.

(2) To begin speedily to undertake decisive and positive anti-inflationary action even at some social cost. This would necessarily involve a real balancing of the national budget although merely balancing the budget would not be enough. It would be necessary to halt the interminable process of monetization of private and local government debt, with the objective of achieving a real balance between savings and investment. It is the substance of this analysis that the adoption of this alternative would represent a reversal of monetary, fiscal, and political modes of several decades and is not to be expected. Indeed the Federal Reserve System appears to have lost control of credit. It can only "lean against the wind" in boom times, but in periods of even slight recession it is compelled to expand credit.

(3) To suspend gold payments. If inflationary pressures continue, as they appear likely to do, at some point there will be no alternative to suspension.

V

A Free Gold Market

Private ownership and trading in gold has been suspended in the United States since 1933. This action was undertaken in order to appropriate to the national government the "profit" in the markup of gold. It was also probably considered to be undesirable to permit price quotations for gold since this would be something of a measure of the progress of inflation. Also private gold hoards would hinder monetary management. But if external convertibility were to end, the monetary system would not be even remotely tied to gold, and there would be no reason to prohibit private ownership and trading in gold. But if this last vestigal tie of the monetary system to gold were to be ended and U. S. Treasury purchases of gold stopped, it is by no means clear that the open market price of gold would be as much as $35 an ounce.

VI

Summary and Conclusions

The present tenuous tie between the United States dollar and gold is an anachronism. The gold standard is an exceedingly useful device, at least it is a useful device in a peaceful world with relatively few barriers to trade and commerce. But it is not adapted to a world of hot or cold wars and politically dominated monetary and credit management. It is plain that economic problems will not be solved by a return to the simple gold standard. What is essential is that we attain economic maturity and learn to observe the prudent rules of managed money as the nineteenth century learned to observe the rules of the gold standard. If we did, by some miracle, return to the gold standard it would be necessary to live by the rules of such a standard. It should be remembered that the gold standard is simply a social device by which men place a voluntary but automatic brake on monetary and credit expansion. But it is absurd to believe that under present arrangements the amount of gold in the Treasury of the United States in any way restrains credit policy. It is quite true that the law fixes a minimum gold certificate reserve requirement for the Federal Reserve Banks, but this ratio can be lowered, and indeed has been lowered. Only the very naive could believe that public spending and private credit expansion is in any way restrained by a gold reserve ratio at any particular level.

Since it appears most unlikely that, except sporadically, there will be a reversal of inflationary pressures in the United States, it follows that at some point, foreign holders of dollars will prefer gold to paper. Gold holdings are still substantial and any immediate action does not appear probable. But soon or late, a suspension of gold payments appears to be inevitable. When it comes it will, without doubt, be something of a shock to confidence. But it will not really represent a change of direction.

Midwest Exch. Member

CHICAGO, Ill.—The Executive Committee of the Midwest Stock Exchange has elected to membership in the Exchange: Richard K. Widing, 120 South La Salle Street, Chicago 3, Ill.

Inv. Service Branch

COLORADO SPRINGS, Colo.—Investment Service Company has opened a branch office at 214 East Monument Street under the direction of Gerald O. Essendrop.

New Ranson Branch

KANSAS CITY, Mo.—Ranson & Company, Inc., has opened a branch office at 612 West 47th Street, under the management of Gene Rourke.

With Jay C. Roberts

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Stella E. Smith has joined the staff of Jay C. Roberts & Co., Third National Bank Building.

Texas Group IBA Holds Annual Meeting Elects Officers for 1960

SAN ANTONIO, Tex.—The Texas Group of the Investment Bankers Association held their 24th annual convention at the Hilton Hotel. Over 300 were in attendance at this very successful meeting.

B. Franklin Houston   Russell R. Rowles   Frank R. Newton   Lewis F. Lyne

New officers elected for 1960 were:

Chairman—B. Franklin Houston, Dallas Union Securities Co., Inc., Dallas.

First Vice-Chairman: Russell R. Rowles, Rowles, Winston & Co., Houston.

Second Vice-Chairman: Frank R. Newton, Lentz, Newton & Co., San Antonio.

Secretary and Treasurer: Lewis F. Lyne, Mercantile National Bank, Dallas.

Committeemen: William A. Beinhorn, Jr., Russ & Company, Inc., San Antonio; John Turner, Eppler, Guerin & Turner, Inc., Dallas; John Jay Fosdick, Eddleman-Pollok Co., Houston; John C. Henderson, M. E. Allison & Co., Inc., San Antonio (ex-officio); William C. Porter, Dittmar & Co., Inc., San Antonio (ex-officio), and Charles C. Pierce, Rauscher, Pierce & Co., Inc., Dallas (ex-officio).

The Texas Group has also announced that its 25th annual meeting will be held at the Sheraton Dallas Hotel in Dallas, April 6-8, 1960.

Nationwide Syndicate Offers $200 Million N. Y. State Power Authority Revenue Bonds

Group headed by Dillon, Read & Co., Inc.; Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; and W. H. Morton & Co., Inc. offering constitutes new step in financing of $720,000,000 Niagara Hydro-Electric Project.

A nationwide syndicate of about 358 investment banking firms, managed by Dillon, Read & Co. Inc.; Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., and W. H. Morton & Co. Incorporated, has offered for sale April 21 an issue of $200,000,000 Power Authority of the State of New York general revenue bonds, series F.

The issue consists of $160,000,000 of 4.20% term bonds, due Jan. 1, 2006, which are priced at 100%; and $40,000,000 of serial bonds, maturing on each Jan. 1 from 1965 to 1979, which are priced to yield 3% to 3.80% to maturity.

The sale of the series F revenue bonds is the second public offering in an overall financing program which will involve the raising of approximately $720,000,000 required to complete the Power Authority's Niagara Project now under construction. The Niagara Project will be physically interconnected with the Authority's $335,000,000 Saint Lawrence Project, and the two together, when completed, will form one of the largest hydro-electric developments in the world. The Saint Lawrence Project is nearing completion, and the Niagara Project is scheduled for completion by June 30, 1963.

The bonds are subject to redemption, as a whole or in part, at any time on or after Jan. 1, 1970, as set forth in the Authority's official statement.

The present trustees of the Authority are: Robert Moses, Chairman; William Wilson, Vice-Chairman, and Charles Poletti, A. Thorne Hills and Finla G. Crawford. William S. Chapin is General Manager and Chief Engineer of the Authority.

The bonds are exempt as to interest from Federal income taxes and New York State income tax, and are legal investments under New York law for insurance companies, banks and trust companies, savings banks and certain trust funds, in the opinion of bond counsel.

Among those associated with Dillon, Read & Co. Inc.; Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., and W. H. Morton & Co. Incorporated in the offering are:

Morgan Stanley & Co.; Blyth & Co., Inc.; Drexel & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corporation; Glore, Forgan & Co.; Goldman, Sachs & Co.; Harriman Ripley & Co. Incorporated; Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Incorporated; R. W. Pressprich & Co.; Smith, Barney & Co.; Stone & Webster Securities Corporation; B. J. Van Ingen & Co. Inc.; White, Weld & Co.

Sale of Niagara Project Power

The Authority presently anticipates that it will dispose of all of the power to be generated by the Niagara Project through contracts with private utility companies, municipalities, rural cooperatives and industries. Niagara Mohawk Power Corporation; Rochester Gas and Electric Corporation, and New York State Electric & Gas Corporation are the three private utilities serving the Niagara market area in upstate New York and all three have requested an allocation of Niagara Project power. Niagara Mohawk has indicated its interest in purchasing any excess power not otherwise allocated.

A contract (extending to June 30, 1985) entered into between the Authority and Niagara Mohawk for the sale, transmission and distribution of Saint Lawrence Project power provides that Niagara Mohawk will take and pay for all firm and interruptible power and energy not used by the Authority's other customers. The corporation has indicated its interest in a similar contract covering Niagara Project power. Such a contract would assure a firm market for all of the power and energy produced by the Niagara Project for a period of at least 25 years and would provide a practical means of meeting the power requirements of the municipalities and rural cooperatives in the Authority's New York market area.

Paine, Webber Installs Special Clock in Minneapolis

MINNEAPOLIS, Minn.—Paine, Webber, Jackson & Curtis announced (Monday, April 20) an outside installation of a twin-clock sign which alternately flashes changes in the Dow Jones averages, barometer of stock market activity.

The sign is the first of its kind to be installed anywhere in the nation, according to James Davant, resident partner of the Minneapolis office of Paine, Webber, Jackson & Curtis. It is outside the firm's ground floor offices in the Pillsbury Building, 12 feet high, and situated so that its two faces are visible from all four corner directions. The time alternates with changes in the Dow Jones averages, instead of the usual time-and-temperature combination, Mr. Davant said. The averages will be changed every half hour.

FIC Banks Offer Debs.

The Federal Intermediate Credit Banks offered on April 21 a new issue of approximately $180 million of 4⅛% nine-month debentures, dated May 4, 1959 and maturing Feb. 1, 1960. Priced at par, the new issue is being offered through John T. Knox, Fiscal Agent and a nationwide selling group of securities dealers.

It was also announced that a total of $24,500,000 of outstanding debentures maturing Sept. 1, Oct. 1, and Nov. 2, 1959 was sold for delivery May 4. Proceeds from the financing will be used to refund $117,000,000 of 2% debentures maturing May 4, 1959.

William T. Glidden

William T. Glidden, Jr., partner in Townsend, Dabney & Tyson, Boston, passed a way on March 28.

Gibbs & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Charles L. Collins has been added to the staff of Gibbs & Co., 507 Main St.

Joins E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Jason V. Ott has become connected with E. F. Hutton & Company, 111 West 10th Street.

With Reinholdt Gardner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John P. Krause is now connected with Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges. He was previously with the Mercantile Trust Company.

Joins Yates, Heitner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Dorsett H. Gant has joined the staff of Yates, Heitner & Woods, Paul Brown Building, members of the New York and Midwest Stock Exchanges. He was formerly with Stowers & Co.

Walton With Goodbody

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—C. James Walton has become associated with Goodbody & Co., National City East Sixth Building. Mr. Walton was formerly with Wm. J. Mericka & Co., Inc. and Bache & Co.

Continued from page 13

Reflections on National Economic Policy

though output as measured by GNP in constant dollars was only slightly higher. But we must recognize that the persistent rise in labor costs per unit of output, which are about three-fifths of total costs, constitutes the most important and most troublesome aspect of this cost problem. For manufacturing, employee compensation per unit of output in 1957 was 9% higher than in 1955 and 10% above those of 1953. At the same time corporate profits per unit of output in 1957 were 10% below those of 1955 and 4% below those of 1953. Moreover, in the year following the downturn beginning in 1957, average hourly earnings (after allowing for the effects of reduced overtime and inter-industry shifts) increased 4½%. Thus even during a year primarily characterized by declining business activity it was not possible to limit the rise in wage rates to the long-run rise in productivity.

We must also recognize that there are certain institutional arrangements in both the public and private sectors of the economy that exert upward pressures on the price level. In the public sphere we shall spend an estimated $5.4 billion this fiscal year on programs to sustain farm incomes and prices, and which also have the effect of keeping the cost of living high. Recent mandatory curbs on oil imports will undoubtedly carry with them some effects on domestic prices. In numerous other cases Federal programs, however justifiable their primary objectives may be, undeniably have the effect of exerting substantial upward pressures on many costs and prices.

These price-cost raising institutional arrangements also exist in the private sectors of the economy. For example, procedures by which wages and prices are automatically adjusted as the consumer price index changes are, in fact themselves somewhat inflationary. Broadly speaking, of course, it is to be expected that incomes would tend to move upward as the cost of living increases, whether formal procedures exist for automatic adjustments or not. But there are times when a rise in the consumer price index does not warrant higher wage and salary rates. There is a clear seasonality in important components of the consumer price index—e.g., food and transportation. The food component can be importantly influenced by changes in supply conditions, as was clearly true a year ago, and there is no theoretical basis for automatically adjusting incomes upward because of changes in the price level for these reasons. Moreover, increases in some items should constitute an increased charge against incomes rather than a justification for an upward adjustment of income rates. Sales, excise, and real estate taxes really represent a device by which we, in effect socialize a certain amount of our incomes in order to provide ourselves with certain services that can better be done collectively through government than individually.

Escalators which adjust certain incomes upward because these taxes increase become a device by which certain income recipients avoid bearing their share of the cost of services which are to be enjoyed in common. Thereby the whole cost of these increased services is thrown on those whose incomes do not automatically rise. The purpose of these few comments is not to provide an exhaustive list but to remind ourselves that numerous price-raising institutional arrangements do exist and are quite pervasive.

III

Changing Our Attitude

If it is true that we do not at present have the basis for a reasonably stable price level, does that fact make any difference? Can we over the long pull maintain an orderly economy even though it becomes generally understood that public policy is willing to settle for a rise in the price level of some 2 or 3% per year? For that matter once it becomes understood that public policy is willing to settle for a rise in the price level of not over 2 or 3% per year, can the rise be held to 2 or 3%?

It is, I think, quite unrealistic to assume that the problems of creeping inflation would be resolved if only we were explicitly and officially willing to accept a rise of 2 or 3% per year in the price level. Resolved, that is, for a reasonably long period of time. No one is insisting that there would be disaster in 1959 if the price level in 1959 were to rise 2 or 3%. The American economy is going to be in business for a long time to come. The problem we confront is very much more fundamental than getting as much output and employment this year as possible. Rather the problem in 1959 is to begin to strengthen the internal resistance of the economy to inflation so that it can achieve a more rapid and at the same time orderly and sustainable rate of expansion. It is increasingly clear that a policy of willingness explicitly to accept creeping inflation as an objective of national economic policy would put vigorous and orderly economic growth in jeopardy.

For one thing, it is not at all certain that we could keep the rise in the price level to an annual average of 2 or 3% once it became known that this was the target of public policy. The same over-reaching processes that now give us 2 or 3% per year when we strive for our target of a stable dollar would, unless something is done, almost certainly still give us something more than our target even if that were to become a rising trend of 2 or 3% per year. The American people are very well informed about these matters. The preliminary release of the Federal Reserve's current survey of consumer finances shows a very marked jump in the proportion expecting rising prices and a drop expecting falling prices. In early 1959, 61% expected prices to rise, a figure exceeded in recent years only in early 1951 during the Korean conflict. This keen and informed public awareness about price movements and prospects has also been reflected in other surveys. And consumers are acting to protect themselves against these hazards.

The wages of over four million people are governed by contracts that make formal provision for adjustments as the price level changes. Through the Teachers Insurance and Annuity Association participants are now making provision for up to half of their retirement income through a fund invested in equities, a program quite explicity aimed to hedge against inflation. Numerous other contracts call for escalator provisions, and proposals have been made for still others to apply to items ranging from depreciation charges to bonds. It is, of course, to be expected that the persistence of a rising price level will give rise to increased demands for protection from its adverse effects. Yet these arrangements, by providing for increasingly widespread upward adjustments in incomes and the dollar value of assets, would also have the effect of transmitting their cumulative effects more widely and promptly throughout the economy and thus augmenting upward pressures on wages and prices. It is difficult to judge whether this cumulative effect would accelerate, or how long it might run before becoming a significantly disorganizing influence in the economy. That the process would ineluctably move toward this result is quite clear.

My second reservation about the efficacy of dealing with creeping inflation by accepting it arises out of a concern that this would pose substantial and increasingly intractable problems for the capital markets. Orderly and rapid economic growth clearly requires smoothly functioning capital markets to encourage and facilitate saving and to channel these savings into the financing of capital formation. It may well be that the capital markets could devise the institutions and the instruments to promote and channel savings in an orderly manner even in an economy where there was the general expectation that the value of the dollar would be cut in half every quarter of a century or so. Whether this could be done would remain to be seen. Clearly these instruments and institutions do not now exist, and a long and difficult process of adjustment would be required to adapt present major thrift institutions to operate in that kind of world. If these institutions were to undertake to assure the purchasing power of the savings committed to them, there would have to be escalation of their assets also. Would home buyers, or corporations, or school districts be willing to obligate themselves to pay back an amount equal to the purchasing power equivalent of what they borrowed? And would a situation in which this became increasingly necessary contribute to the stability and vitality of the economy? It is by no means clear that these questions can be answered in the affirmative.

My third reservation about the therapeutic values of embracing creeping inflation is that it would aggravate the problem of cyclical instability. The presently strong upward pressures on wages and other costs are often considered to confront the nation with the necessity of accepting secularly an unnecessarily large volume of unemployment if we try to adhere to a stable price level. It seems to me that the problem is a bit more complex. This process will also aggravate the problem of cyclical unemployment. During any recession, with the large budget and with a tax structure whose revenues are relatively sensitive to swings in business activity, a substantial expansion of bank credit tends to occur.

For example, loans and investments of commercial banks during 1958 increased 8½%. In short, the liquidity essential to carry the economy fairly far along the path of the next upswing is almost inevitably provided during the recession and early stages of recovery. As the momentum of the expansion develops, however, a bind is almost certain to develop between a cost level that is moving relentlessly upward, or moving upward more rapidly than the price level, and fiscal and monetary policies that are endeavoring to contain these price pressures. The resulting slowed rate of real growth and lowered profitability of additional business provides the raw material for a subsequent recession. This process was clearly evident in the recession of 1957-1958, and I see no reason for expecting that this problem could be avoided by establishing a new par of a slowly rising price level, when it became generally accepted that this was the new par.

IV

Proposes Certain Steps

If this appraisal is reasonably realistic, then the task of public policy is to set about to strengthen the economy's resistance to inflation in order to lay the basis for a more stable, orderly, and rapid rate of economic progress than will otherwise be possible. The need for certain steps is quite clear.

First, the employment Act should be amended to include reasonable stability of the general price level as one objective of our national economic policy. No responsible person, of course, believes that mere passing of such an amendment would have any necromantic influence on this problem. On the other hand, it would be equally unrealistic to assume that such an action would have no value. At the minimum it would constitute a public commitment of Government that would inevitably serve to strengthen its will to take other actions to achieve this end. And it would constitute some reassurance to a public whose uneasiness about price-level prospects constitutes a part of our problem.

Second, we need some fundamental reforms in our budgeting procedures. Those who have been much concerned about the budget problem would do well to direct their energies toward mashalling support for these reforms rather than, as is too often the case, dissipating these energies in frenetic denunciations of bureaucratic profligacy. While, as I indicated earlier, I do not believe budget developments were a major factor in the price rise of the last three years, our budget process does have an unnecessary bias toward enlarged spending, and this can be a part of our price level problem in the future. Moreover, these reforms are desirable quite simply because the nation would get more value from any given amount of aggregate expenditure.

One reform calls for giving the President the power of item veto. Clearly the present all-or-nothing arrangement constitutes an open invitation to load bills for otherwise essential appropriations with money for programs that cannot stand on their own merits. The result is expenditure of funds that could better be used elsewhere, and a bias toward a larger aggregate budget. The President also suggested that the Congress consider procedures by which it would pass on the total prospective budget as well as on each specific item. Recently, Mr. Brundage,[1] former Budget Director, made some concrete proposals along these lines. Clearly the fact that a specific program has merit on its own does not automatically qualify it for a place in the budget. If there is such a thing as a discipline of economics, it must follow that the aggregate of individually meritorious projects will be too much. Therefore, some "good" projects must be omitted. This remains true whether we favor big budgets or little budgets. The present each-at-a-time procedure, therefore, has a built-in bias in the direction of enlarged aggregate spending. We need the discipline in the Congress as well as in the White House of taking responsibility for a total, as well as being arrayed on the side of the angels on each specific proposal.

Third, the Committees recently set up by the President will, I think, be able to strengthen the bases for a more stable price level. The work of the Cabinet Committee on Price Stability for Economic Growth, under the Chairmanship of the Vice-President, should help both Government and the country generally see more clearly these problems and their related policy needs. The Saulnier Committee, the Committee on Government Activities Affecting Prices and Costs, may well become a permanent and quite important piece of Governmental machinery. Unquestionably numerous programs of Government, ranging from procurement to agriculture and tariffs and quotas, have exerted very important side-effect influences on costs and prices generally. It was heartening to see, for example, that the President's recent proclamation imposing quotas on oil imports calls upon the director of the Office of Civilian and Defense Mobilization to examine price changes that may occur "to determine whether such increases are necessary to accomplish the national security objectives of the proclamation."

Fourth, we must come to grips, in a more candid and realistic way, with the problem of creeping costs. Of these the most intractable are the strong pressures in the modern economy that have the effect of driving up unit labor costs. Though progress has been made, this problem continues to need much greater visibility and further ventilation. The will of businesses to resist creeping costs must be strengthened. An informed and concerned public opinion itself can play a significant role. In the words of the President about a year ago:

"The American people believe in good wages, both in private and public employment. Good wages reward effort and build markets. But the American people are going to be looking over the shoulders of those sitting at every bargaining table to see whether the wage settlement and subsequent price decisions are consistent with a stable dollar, or whether they mean another dismal sequence of ever-rising costs and prices."

The greater attention being given by academic economists to this problem, and to lines along which constructive solutions may be found, is encouraging. It must be conceded that we are still very far yet from knowing what the answers are, even if public opinion were prepared to accept them. But we are clearly making progress. And we shall find these answers the more quickly if we eschew the fatalism that says nothing can be done about the problem, or the ostrich-like attitude that endeavors to avoid seeing the problem at all.

How much will be required to assure reasonable stability of the price level? No one at this point can know. Clearly the ones outlined above would constitute a major step forward, and this would itself be enormously reassuring. One thing is increasingly clear. The alternative to a more vigorous and candid assault on this problem, in addition to those inequities produced by a rising price level that are none the less real because they are difficult to quantify, is an unacceptable combination of unnecessarily under-utilized productive resources, recurring cyclical unemployment, and more deliberate and widespread business and personal planning for a deteriorating value of the dollar.

1 Cf. *Chronicle*, Jan. 8, 1959, p. 12.

Nathan Crain Opens

WANTAGH, N. Y. — Nathan Crain is conducting a securities business from offices at 1512 Holiday Park Drive.

R. C. Crisler Opens

CINCINNATI, Ohio—R. C. Crisler & Co., Inc., is engaging in a securities business from offices in the Fifth Third Bank Building. Officers are Richard C. Crisler, President; Paul E. Wagner, and Stanley S. Straus, Vice-Presidents; David G. Gamble, Secretary; and Janet M. Huber, Assistant Treasurer.

Invest-in-America Committee for New York City Appointed

William P. Worthington, President of the Home Life Insurance Co., New York, has been appointed General Chairman of the New York Invest-in-America Committee.

Invest-in-America Week is being observed in New York and scores of other communities April 26-May 2 as a means of estab-


Wm. P. Worthington


Charles B. Harding


Robert J. Lewis

lishing better understanding of the role which capital plays in creating jobs and making the United States prosperous.

Mr. Worthington, in accepting the invitation to serve as General Chairman, said that the Constitution's guarantee of free enterprise has been the major factor in the economic and political growth of the United States. He noted that the freedom to save and to invest through bank accounts, insurance, real estate, government and corporate bonds, and stocks is enjoyed by all Americans.

During Invest-in-America Week, there will be several special events designed to stress the importance of investment and what it means to America. The program is being sponsored by associations representing all forms of enterprise. They include:

The Institute of Life Insurance, the Savings Banks Association of the State of New York, the Real Estate Board of New York, the New York Board of Trade, the Young Men's Board of Trade, the Edison Electric Institute, the National Association of Investment Companies, the Association of Stock Exchange Firms, the Investment Bankers Association, the New York Stock Exchange, and the American Stock Exchange.

Members of the New York City Invest-in-America Committee, in addition to Mr. Worthington, are: Vice-Chairman, Charles B. Harding, Smith, Barney & Co.; Financial Chairman, Robert J. Lewis, Estabrook & Co.; Treasurer, A. Halsey Cook, Vice-President, First National City Bank of New York.

Other committees are the Policy Committee: Ashby E. Bladen, Aetna Life Insurance Co.; Gen. Lucius D. Clay, Continental Can Co., Inc.; James P. Fordyce, Manhattan Life Insurance Co.; G. Keith Funston, New York Stock Exchange; Louis J. Glickman, Glickman Corporation; Floyd W. Jefferson, Iselin-Jefferson Co., Inc.; Edward T. McCormick, American Stock Exchange; Don G. Mitchell, General Telephone & Electronics Corp.; Lee Thompson Smith, Home Title Guaranty Co.; Edmund F. Wagner, Seaman's Bank of Savings; Charles E. Wilson; William P. Wright, Jr., J. Walter Thompson Co.; and William Zeckendorf, Sr., Webb & Knapp, Inc.

Executive Committee: R. Michael Charters, Association of Stock Exchange Firms; Robert Foster, Dean Witter & Company; Edward Glassmeyer, Blyth & Co., Inc.; Holgar J. Johnson, Institute of Life Insurance; Ruddick C. Lawrence, New York Stock Exchange; Frank E. McKeown, Real Estate Board of New York; Walter H. Neff, United Airlines; Harold Oberg, National Association of Investment Companies; E. Henry Powell, Savings Bank Association of the State of New York; Eliot H. Sharp, Investment Dealers' Digest; John J. Sheehan, American Stock Exchange; Wickliffe Shreve, Hayden, Stone & Company; Edwin Vennard, Edison Electric Institute; and Robert T. Walsh, New York Board of Trade.

Rare Gratitude!

"Wherever and in whatever manner we celebrate the anniversary of Austria's rescue from economic collapse, we should be mindful of the fact that the means for our reconstruction were contributed by the American taxpayer in pursuance of a broadly conceived generous plan of his government. To him, America's man in the street, Austria owes its thanks."—Chancellor Julius Raab of Austria.

"It is to the historic credit of the United States to have recognized the vital importance of creating healthy, economic conditions as an essential prerequisite for a lasting peace."—Austrian Government Statement.

It is refreshing in these times to hear a word of thanks for aid granted to foreign nations.

It, of course, remains for the future to disclose whether "healthy economic conditions" are real as well as apparent and permanent rather than temporary.

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Current S.E.C. Legislative And Related Problems

As it stands, when there are mitigating circumstances we are forced to revoke the registration and then hold a second administrative proceeding on the question of whether an application for new registration should be denied. The Commission might have no objection to readmission but a record must be made and the public given an opportunity to object. In appropriate cases, this cumbersome maneuvering could be eliminated by granting to the Commission specific power to suspend the broker's registration for a period of time.

We have further recommended that Congress extend the Commission's existing authority summarily to suspend a security from trading on a national securities exchange for a period not exceeding 10 days when necessary in the public interest. Lately, this grant of power has been used to keep in effect a suspension of trading pending final disposition of delisting proceedings under Section 19(a)(2) of the Act. It has been useful where it has appeared that the current information available to the public concerning a security is misleading or is inadequate to permit investors to make informed judgments with respect to its purchase or sale, and it appears that the additional necessary information cannot be obtained and made available to investors until all the facts are elicited through the 19(a)(2) proceedings. These proceedings, because of their complexity, often cannot be completed within a single 10-day period, and it has been found necessary to renew the suspension for successive 10-day periods. No express authority for such action is contained in Section 19(a)(4), and its proposed amendment codifies the current interpretation under which the Commission has acted.

The present statutory power of suspension of trading applies only to transactions on a national securities exchange and does not explicitly extend to securities traded only in the over-the-counter markets. Among the Commission's recommendations is included a new Section (15(c)(4) which will give to the Commission comparable statutory power summarily to suspend trading in a security on the over-the-counter markets.

The Commission has also proposed a new section which would authorize the Commission, in its discretion, to institute action on behalf of the United States to recover $100 per day in civil penalties for failure to file any required information or reports. A similar provision now covers delinquencies in filing reports under Section 15(d), and its extension to other reports is designed further to strengthen the hand of the Commission in enforcing timely filings. The present remedies, principally that of mandatory injunction, have shown themselves to be effective only after substantial additional delay and after cumbersome technical litigation.

In addition to the foregoing, we have proposed other amendments to the Securities Exchange Act of 1934. Briefly, they would: (1) clarify and strengthen the statutory provisions relating to the financial responsibility of brokers and dealers; (2) authorize the Commission by rule to regulate the borrowing, holding or lending of customers' securities by a broker or dealer; (3) make it clear that mere attempts to purchase or sell securities are covered by the anti-fraud provisions of the statute; (4) authorize the Commission to suspend or withdraw the registration of a securities exchange when the exchange has ceased to meet the requirement of original registration; and (5) provide for the adjudication of an insolvent broker or dealer as a bankrupt in an injunctive proceeding instituted by the Commission.

Terms Investment Advisers Act Ineffectual

The Investment Advisers Act of 1940 has, ever since its enactment, been least effectual of any of the Securities Acts in protecting investors and the public, due to certain patent inadequacies. For example, unlike the Securities Exchange Act of 1934 the Investment Advisers Act gives the Commission no authority to require that adequate books and records be maintained by the regulated persons. In fact, the Commission has no adequate means of determining whether any investment adviser is mishandling his customers' funds or securities or engaging in other fraudulent practices in connection with his business. What is perhaps even more important, the anti-fraud provisions of the Act do not apply to investment advisers who have failed to register with the Commission.

Proposed amendments have been submitted which, in addition to remedying the foregoing inadequacies, would expand the basis for disqualification for registration because of prior misconduct; authorize the Commission to require the filing of reports; empower the Commission by rule to define, and prescribe means reasonably designed to prevent, fraudulent practices; extend criminal liability for a wilful violation of a rule or order of the Commission; and revise the provisions relating to the postponement of effectiveness and withdrawal of applications for registration. There is a very substantial place in the financial world for investment advisers, and they can be of immense assistance to the untutored public. We believe, however, that they have far too delicate a fiduciary relationship with their clients to permit us to condone the present rather ineffective regulatory pattern.

Amending Investment Company Act

The Commission has also recommended a number of amendments to the Investment Company Act. However, officials of issuing corporations would probably have no more than a passing interest in these proposals, and I shall not give them more than brief attention. They are, however, of great interest to the investment companies, who are substantial investors in securities, and are of major importance to the investing public and to the Commission in its enforcement efforts. These proposals would: (1) require the statement of policy of a registered investment company, which cannot be changed without the consent or approval of the holders of a majority of its voting securities, to include its fundamental investment objectives and investment characteristics; (2) strengthen the statutory provisions requiring that at least 40% of the members of the board of directors be persons who have no pecuniary interest in the operations and management of the investment company and who are not members of its operating staff; (3) require that if an investment company chooses to keep its securities and investments in the "custody of the bank" such custodianship shall include the cash assets of the investment company; (4) impose limitations upon the proportion of common or preferred stock that may be acquired by face-amount certificate companies issuing fixed obligations (face-amount certificates) to prevent such obligations from becoming unduly speculative; (5) clarify and make more meaningful the definition of an "advisory board" of an investment company and the substantive provisions requiring such a board to have a certain number of independent members; (6) clarify certain exceptions to the definition of an investment company required to register under the Act; (7) eliminate the exception from the definition of an investment company for a company subject to regulation under the Interstate Commerce Act when this Commission finds and by order declares that such company is primarily engaged in the business of investing, reinvesting, owning, holding or trading in securities; and (8) clarify the terms "depositor" and "share of stock" used in the statute by adding specific definitions of these terms.

As you will note, few of the matters covered in this legislative program are, or at least should be, controversial in nature. We hope that we will not encounter any very serious opposition to their enactment. Such opposition would be a little difficult to support since it has the flavor of being in favor of sin.

Rule Making and Rule 133

I would like to turn for a moment to the subject of rule making, and to direct your attention to the amendments to Rule 133 under the Securities Act of 1933 which the Commission has under consideration. This rule, as it now stands, is interpretative in character and, for the sole purpose of considering whether it is necessary to register such securities under the Act, provides that the issuance of securities to stockholders in connection with certain mergers, consolidations, reclassifications of securities or transfers of assets is not deemed to constitute a sale of such securities to the stockholders of the corporations concerned. The problem presented by the issuance of securities in such transactions arose almost as soon as the Act was adopted. In 1934, the Commission concluded that the issuance of securities in these transactions did not involve a sale thereof to the voting stockholders for the purpose of registration, and a statement to that effect was included in a note to the form covering the registration of securities issued in a "reorganization." In 1947, the use of this particular form was abandoned, and for several years thereafter this interpretation was continued administratively. In order to allay any doubts that the interpretation was still being followed, it was promulgated as Rule 133 in 1951, and has continued without substantial amendment to the present time.

Because of what it deemed to be abuses of the rule, the Commission published in October, 1956, an invitation for comments on a proposal to rescind the rule. This would have had the effect of compelling the registration of securities issued in connection with such corporate activities, in the absence of an otherwise available exemption. Numerous comments were received in regard to this proposal and a public hearing was held on the matter in January, 1957, at which some grave legal and practical difficulties were pointed out. Thereafter, in March, 1957, the Commission announced that it was deferring action on the matter pending further study.

The limitations which the Commission considered to be inherent in the applicability of Rule 133 were discussed in the findings and opinion in the *Great Sweet Grass*

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Oils Limited and *Kroy Oils Limited* cases, issued in April, 1957, and in Release No. 3846, published in October, 1957. In substance, the Commission there indicated that Rule 133, where applicable, merely provides that registration of the securities and presentation of a prospectus to the security holders is not required in connection with the submission for vote of the stockholders on a plan of merger or other transaction specified in the rule and in connection with the receipt of securities in consummation of the plan. It pointed out, however, that the securities issued in such a plan are by no means "free" securities, which need not be registered in connection with subsequent offers and sales of such securities by stockholders of the merged corporation. On the contrary, registration would be required for any subsequent offer and sale unless such activity were limited to what are described as casual sales by security holders who were not in a control relationship with the issuer of the securities, which transactions might fairly be described as trading transactions not involving a distribution, or unless some other exemption were available. Thus, Rule 133 provides no exemption from the registration and prospectus requirements of the Act with respect to any distribution of the securities received by security holders who might be deemed to be statutory underwriters.

At the direction of the Commission, the staff has made a comprehensive review of this rule and a re-examination of all pertinent legislative and other statutory materials, and of prior actions taken at both the Commission and staff levels. The views expressed as to the 1956 proposal, both in writing and at the public hearing, were carefully studied. On the basis of the conclusions reached by the staff and as the result of careful consideration by the Commission of the matter, proposed amendments to Rule 133 were issued on Sept. 15 of last year and public comments were invited.

These proposed amendments would retain the existing rule, but would incorporate into it certain additional provisions designed to make it clear that registration is required in certain cases where a public distribution of the securities initially acquired in transactions described in the rule is subsequently made by a person defined as a statutory underwriter in the proposed amendments.

Defining a Statutory Underwriter

This definition of a statutory underwriter appears in two new sections of the proposal. The first section defines as an underwriter a person who makes arrangements with the surviving corporation in a Rule 133 transaction, or with a person in a control relationship with that corporation, to resell to the public the surviving corporation's securities on behalf of any stockholder of the merged corporation who has received such securities. The second section provides that where any person in a control relationship with any constituent corporation at the time of the transaction acquires securities of the issuer in a Rule 133 transaction with a view to the distribution of such securities, such person is to be deemed to be an underwriter. The proposed amendments do not deal with distribution through an underwriter by persons who, after the merger or other transaction, are in a control relationship with the surviving issuer. Registration in such cases is expressly required by the terms of the Act, in the absence of some specific exemption.

In order to make clear that registration is not required in connection with any and all transactions by persons who would otherwise be deemed underwriters under the proposed amendments, provisions have been included which make such registration unnecessary in the case of subsequent transactions which answer the description of unsolicited brokerage transactions within the purview of Section 4(2), and which are essentially trading transactions.

In order that registration may be effected as expeditiously and economically as possible where it would be required by the amended rule, the Commission has under consideration a registration form which would, in effect, permit an issuer to use as the prospectus the proxy statement which will have been used in soliciting the vote of stockholders for the Rule 133 transaction. Of course, it would be necessary to add supplementary data in regard to the underwriting and distribution of the securities. This procedure has been followed in similar situations in the past, and appears to be feasible and to accomplish the disclosure purposes of the Act.

In response to our request of last fall for comments on the proposed amendments, we received a number of letters, most of them submitting one or more suggestions or raising some question of interpretation. Generally speaking, our commentators indicated approval of the Commission's attempt to crystallize and codify its views. Some correspondents observed, apparently with approval, that the proposed amendment does not go as far as certain of the statements contained in the *Great Sweet Grass* opinion seemed to indicate. It was suggested that the rule be reviewed after a year and views then be solicited as to its operation and effect. Others wished to withhold final comment until they have had an opportunity to review the proposed form permitting use of a proxy statement as the major part of the registration statement. The Commission's staff has reappraised this entire situation in the light of these comments made by interested members of the public, and it will submit to the Commission revised proposals together with a proposed form of registration statement. Following this step, the Commission will again publish a notice of rule making and give an opportunity to interested persons to submit their views, preparatory to final adoption. We hope to receive such mature criticism of this final proposal as to enable us to settle this long-standing controversy at an early date.

Finally, let me say a word about some of the administrative problems which we are facing. As we announced a few days ago, both the number of registration statements filed and the aggregate value of the securities offered thereunder have recently reached new highs. Taking the filings over various periods of time, we are running from 15 to 70% in number and 15 to 47% in value ahead of comparable periods a year ago. We expected a substantial increase in this field and provided for it in our budget estimates for the current fiscal year. Two considerations are, however, now endangering our policy of giving issuers the prompt and efficient attention to their problems to which they are entitled. One is, of course, that we did not expect the increase to reach the proportions of the veritable avalanche of new issues which has descended on us. The other is the danger of a substantial reduction in the pending supplemental budget and perhaps even in the budget for the fiscal year beginning July 1, 1959. The Securities and Exchange Commission is not prepared to relax its efforts to fulfill its statutory duties, and the eventual result of any forced retrenchment might easily be some delays in processing which would be embarrassing to us and give rise to hardship to the issuers and to their underwriters. We had a foretaste of this last December when a mass of new issues was filed at a most inopportune time, and we were obliged to give notice that some processing delay would be inevitable.

The Commission is striving diligently to meet the situation I have outlined in order to avoid the contingencies at which I have hinted. If we are unsuccessful in this effort, I sincerely trust that you will not blame the Commission itself for ineffective administration, and will not change the attitude, which I and my colleagues most certainly share, of admiration for our hard-working, underpaid and efficient staff.

Nevertheless, whatever the near future holds for us, the Securities and Exchange Commission sincerely hopes for a continuance of the satisfactory relationship which we have enjoyed with representatives of American business. We appreciate the cooperation so generously given in the past, and look forward to working with all representatives in meeting the myriad problems which experience tells us will face us in the future.

Phila. Inv. Women to Hear Ins. Stocks

PHILADELPHIA, Pa. — Miss Edna M. Thompson, Investment Officer, Girard Trust Corn Exchange Bank, Philadelphia, will speak on the topic of "Investment Aspects of Insurance Stocks" at the sixth in the series of lectures on Securities Analysis presented by the Educational Committee of the Investment Women's Club of Philadelphia in cooperation with the Financial Analysts of Philadelphia on Monday, April 27 at 5:30 p.m. in the Concourse Conference Room of the Philadelphia National Bank, Broad & Chestnut Streets.

Hornblower Adds Two

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Ronald J. Coleson and Peter C. McCabe, Jr. have been added to the staff of Hornblower & Weeks, 134 South La Salle Street.

With New York Hanseatic

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Walker Whitley has become affiliated with New York Hanseatic Corporation, 120 South La Salle Street.

2 With Rodman Renshaw

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Warren C. Martinson and Wayne C. Ruthenback have become connected with Rodman & Renshaw, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Now With J. H. Goddard

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas S. Keegan is now affiliated with J. H. Goddard & Co., Inc., 85 Devonshire Street, members of the Boston Stock Exchange. Mr. Keegan was formerly with Schirmer, Atherton & Co. and du Pont, Homsey & Company.

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The State of Trade and Industry

managements will be held in New York City on May 5, or two weeks earlier than the originally scheduled date of May 18. The present contract, covering a half million steel workers, expires June 30.

Steel Mills Not Maintaining Delivery Promises

Steel mills are falling behind on their delivery promises, according to "The Iron Age," national metalworking weekly.

"This is a serious thing for steel users who have been counting on every pound they can lay hands on as a hedge against a possible steel strike," said "Iron Age."

The metalworking magazine reported that mill deliveries are growing increasingly late. Major carryover problems are in galvanized sheet, hot- and cold-rolled sheet, and plate. Hot-rolled bar is developing into a trouble spot at a fast clip.

"Compounding the problem," said "Iron Age," "is the fact that the business of some steel users is so good that incoming tonnages are just enough to keep pace with increased use. For these outfits, steel stocks are rising slowly, if at all."

Some mills have done a good job of maintaining delivery promises, but even for these producers there will be some carryover into the critical month of June and a possible strike deadline.

"Iron Age" said that as a by-product of this situation more companies are turning to steel service centers (warehouses) for fill-in tonnages they would normally get from the mills. This, in turn, is placing a strain on the inventories of the service centers, particularly in sheets.

An "Iron Age" survey of service centers indicates they will be able to help some if a pinch comes. By July 1, warehouse stocks will be 3.6 to 3.7 million tons. This would be about a million tons better than the level at the start of the 1956 steel strike.

"But the service centers have probelms, too," said "Iron Age." "They must take care of their regular customers. Their stocks are not necessarily balanced. They might have eight months supply of one product and be all but cleaned out of another. Too many mill-size orders could cut service center inventories quickly."

Generally speaking, the warehouses could sustain their regular customers through a 60-day strike, assuming they will be able to get delivery from the mills of all the steel they have ordered.

Meanwhile, fear of a strike is forcing more steel users to place orders for July delivery. Naturally, if there is a strike the mills won't be in a position to deliver during July. But the buyers are looking ahead to a strike settlement. They want to have their orders on the books for quick delivery after a strike ends.

Long Steel Strike May Stimulate Imports

A long steel strike this summer many encourage greater imports of foreign steel. That could cause a permanent loss of markets to domestic mills and a permanent loss of jobs to American steelworkers, "Steel" magazine reported today.

The metalworking weekly pointed out that imports of steel from Western Europe and Japan have been rising steadily for several years. Wage rates in those countries are much lower, resulting in lower costs of producing steel. Western European steelworkers get only about one-fourth as much as American workers. Japanese workers get only about one-eighth as much as United States workers.

American steelmen and economists fear that a long strike and the resulting shortage of steel supplies in late summer will cause more American consumers to turn to foreign suppliers. Many have hesitated to do so because of established relationships with domestic mills and because of some doubt about the quality of the imported steel. Once new relationships are established and consumers find imported steel acceptable, users may continue to buy foreign steel.

So the United Steelworkers by forcing a long tieup of domestic mills could strike out a large number of jobs for their members, "Steel" warned.

Ten thousand tons of Japanese steel plates were reported en route to Detroit construction interests last week. Recently, 20,000 tons of foregin made plates and structurals were purchased for Detroit municipal projects. Even allowing for duty and transportations costs, Japanese steel can be delivered to Detroit cheaper than domestic mills can produce it.

Steel output last week was the largest in history. Mills produced 2,647,000 net tons of steel for ingots and castings. Operations were at 93.5% of capacity. All 12 of "Steel's" producing districts were above 91%.

New orders for sheets have fallen off sharply but only because buyers realize they'd have no chance of getting delivery in the first half if they ordered now. Entries are few and far between in books open for the third quarter.

Scrap prices continue to fall in contrast with the current steelmaking boom. The magazine's composite on the No. 1 heavy melting grade fell $1.50 to $34.67 a ton. The last time steelmakers ran their furnaces at 93% (in March, 1957), they had to pay $48 for the prime grade of scrap.

Business for consumer goods industries is running well ahead of 1958's, "Steel" said. Industry sales of home laundry equipment may come close to the six-million-unit record of 1956, vs. slightly over five million units in 1958. Retail sales of radios (except automotive) and television sets are expected to be at least 8.3 million units, compared with last year's eight million. Output of 1,600,326 passenger cars for the first three months of this year is about 30% ahead of 1958's (1,238,676 cars).

Steel Output Maintains Upward Spiral

The American Iron and Steel Institute announced that the operating rate of steel companies will average *167% of steel capacity for the week beginning April 26, equivalent to 2,683,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *165.4% of capactiy and 2,657,000 tons a week ago.

Actual output for last week beginning April 13, 1959 is equal to 93.8% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for the week of April 20 is 94.8%.

A month ago the operating rate was *163.8% and production 2,631,000 tons. A year ago the actual weekly production was placed at 1,270,000 tons, or 79.1%.

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

Auto Makers Continue in High Gear

The best performance of the year was programmed by U. S. car and truck manufacturers for the week ended April 17, Ward's Automotive Reports said.

Scheduled for completion were 161,577 units, including 135,433 cars and 26,144 trucks, to top the previous high of 161,373 vehicles produced in the week ended March 21.

Ward's indicated that the week's passenger car-truck volume was the largest on record in five months, since Dec. 1-6, 1958, when 169,957 units had been turned out.

Car assembly, at 135,433 units, edged earlier week's 133,202 units and was 85% above the same year ago week (73,219 units). Truck output of 26,144 units also hovered above preceding week's 25,895 units with an advance of 57% over the corresponding 1958 week (16,656 units). Combined car-truck production was a substantial 79.8% above the same year-ago week (89,875 units).

Highlighting the strong production pace were Saturday operations by several producers, Ward's said. These included five Ford Division plants at Atlanta, Ga., Chester, Pa., Dearborn, Mich., Louisville, Ky., and Kansas City, Mo.; Chrysler Corp.'s Plymouth plant in Detroit and Los Angeles facility; Rambler at Kenosha, Wis.; and the Lincoln-Thunderbird plant at Wixom, Mich.

Studebaker-Packard was on a five-day routine and all General Motors plants except the Atlanta Buick-Oldsmobile-Pontiac works (four days) scheduled five-day operations. Mercury's Metuchen, N. J., plant was down all week for an inventory adjustment.

The statistical agency said 1959 car production through week ended April 17, nearing the two-million mark, was 34.7% ahead of corresponding 1958 while truck production had posted a 36.8% gain over the same year-ago period.

The current rash of tire producer strikes should have no immediate effect on auto output, car manufacturers having built up their tire inventories before the walkouts.

Electric Output 13.5% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 18, was estimated at 12,609,000,000 kwh., according to the Edison Electric Institute.

For the week ended April 18 output increased by five million kwh., above that of the previous week and showed a gain of 1,502,000,000 kwh. or 13.5% above that of the comparable 1958 week.

Car Loadings 18.7% Above Corresponding 1958 Week

Loadings of revenue freight for the week ended April 11, 1959, totaled 618,359 cars, the Association of American Railroads announced. This was an increase of 97,199 cars, or 18.7% above the corresponding week in 1958, but a decrease of 55,585 cars, or 8.2% below the corresponding week in 1957.

Loadings in the week of April 11 were 28,226 cars, or 4.8% above the preceding week.

Lumber Shipments Again Exceed Production

Lumber shipments of 482 mills reporting to the National Lumber Trade Barometer were 0.2% below production for the week ended April 11, 1959. In the same week new orders of these mills were 1.4% below production. Unfilled orders of reporting mills amounted to 43% of stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days' production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 2.0% above production; new orders were 4.3% above production.

Compared with the previous week ended April 4, production of reporting mills was 0.1% above; shipments were 6.1% below; new orders were 0.7% above. For the latest week, as against the corresponding week in 1958 production of reporting mills was 14.8% above; shipments were 11.0% above; and new orders were 9.0% above.

Business Failures Down Moderately in April 16 Week

Commercial and industrial failures declined moderately to 304 in the week ended April 16 from 337 in the preceding week reported Dun & Bradstreet, Inc. While casualties were less numerous than a year ago, when 346 occurred, they remained above the 302 in the comparable week of 1957. However, 4% fewer concerns failed than in pre-war 1939 when the toll was 316.

Failures involving liabilities of $5,000 or more fell to 256 from 272 in the previous week and 296 last year. A decline also appeared among small casualties, those with liabilities under $5,000, which were down to 48 from 65 a week earlier, but close to their 1958 total of 50. Liabilities in excess of $100,000 were incurred by 31 of the failing businesses as against 30 in the preceding week.

Most of the week's downturn was concentrated in retailing where casualties dropped to 155 from 190. Meanwhile, the toll among construction contractors dipped to 37 from 40 and among service concerns to 29 from 33. In contrast, manufacturing failures edged to 49 from 46 and wholesaling to 34 from 28. Fewer retailers and contractors succumbed than a year ago, but the manufacturing toll held even with 1958 and both wholesaling and service mortality exceeded the previous year's levels.

Four geographic regions accounted for the decline during the week. Failures in the Middle Atlantic States dipped to 110 from 118, in the East North Central to 55 from 59, in New England to 17 from 23, while a sharper drop plunged the South Atlantic toll to 24 from 43. No change was reported in the South Central and Mountain States; Pacific failures edged to 66 from 64 and the West North Central also rose slightly. Fewer businesses succumbed than last year in seven of the nine major geographic regions. The contrasting increases from 1958 occurred in the East North Central and Pacific States.

Wholesale Food Price Index Unchanged

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., remained at $6.16 on April 25. This was the third consecutive week it stood at this level. There was a decline of 7.0% from the $6.62 of the similar date a year ago.

Higher in price this week were flour, corn, barley, bellies, lard, coffee, cottonseed oil, potatoes, and steers. Commodities quoted lower were wheat, rye, cocoa, eggs, and hogs.

The Dun & Bradstreet Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Slight Dip in Wholesale Commodity Price Index

Led by lower prices on eggs, wheat and steel scrap, the general commodity price level declined in the past week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., dropped to 277.88 on April 20 from 279.59 one week ago and from 279.92 one year ago.

Corn prices fluctuated narrowly during the week and ended unchanged from last week. Marketings are expected to increase with good weather. Winter wheat dropped in price as improved crop prospects and lower future prices influenced buyers. May wheat also showed declines. Despite small offerings, both rye and oats lost ground during the past week. Continued light offerings helped soybeans to show further gains.

Domestic and export sales of flour were very small in the past week but prices continued to rise. Demand for rice in the domestic market fell off moderately and is not expected to pick up again until late in the month. The price of rice remained unchanged.

Sugar prices held even in fairly active trading. The price of coffee advanced during the week in response to new demand. Cocoa spot prices increased in light trading.

Improved shipping demand and interest from local packers raised hog prices over those of the previous week. Cattle receipts were the largest in several weeks. Trading was irregular, with prices of choice steers declining in the end of the week to end even with those prevailing a week earlier. Receipts of lambs were smaller than those of last week and trading was active. Prices remained steady.

Prices moved irregular on the New York Cotton Exchange this week and closed moderately higher. Prospects of a tight supply of "free" cotton at the end of the season bolstered the market. United States cotton exports for the week ended last Tuesday were estimated at 50,000 bales, against 52,000 the previous week and 104,000 in the same week last year. The total for the current season was estimated at 2,173,000 bales, compared to 3,989,000 bales for the same period a year ago.

Retail Promotions Encourage Consumer Buying

Extensive sales promotions, especially on apparel, stimulated consumer buying this week and over-all retail trade was up noticeably from the similar week last year, which was the 1958 post-Easter week. The most noticeable gains occurred in women's apparel, furniture, and floor coverings. Sales of new passenger cars were sustained at high levels and marked year-to-year gains prevailed, according to scattered reports.

The total dollar volume of retail trade in the week ended April 15 was 6% to 10% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Middle Atlantic +10 to +14; East North Central +8 to +12; South Atlantic and Mountain +4 to +8; New England and Pacific Coast +3 to +7; West North Central, East South Central, and West South Central +2 to +6.

Purchases of women's Spring dresses and sportswear advanced considerably over last year and moderate gains prevailed in coats and suits; interest in women's beachwear was exceptionally high. Year-to-year gains in men's apparel were not quite as substantial as in women's merchandise. Best-sellers were men's raincoats, suits, furnishings, and sportswear. The buying of children's apparel remained well above a year ago, with principal gains in girls' blouses and sportswear.

Over-all sales of household goods climbed noticeably from a week earlier and moderate increases over last year were attained. Increased interest in Summer outdoor tables and chairs and upholstered chairs boosted furniture volume appreciably over last year. Sales of floor coverings were up noticeably and the call for curtains and linens showed a moderate rise. The buying of appliances was somewhat over a year ago, especially television sets, hi-fi sets, and automatic laundry equipment.

Consumer buying of food matched that of a week earlier. Gains in frozen foods, dairy products, and fresh meat offset declines in poultry, canned goods, baked goods, and fresh produce.

Nationwide Department Store Sales Up 18% For April 11 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended April 11, increased 18% above the like period last year. In the preceding week, for April 4, a decrease of 13% was recorded. For the four weeks ended April 11 a gain of 9% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended April 11 showed an 18% increase over that of the like period last year. In the preceding week, April 4, a decrease of 18% was reported; March 28 was up 3% and March 21 week showed a 16% advance over the 1958 weeks and for the March 21 week a 16% increase was reported. For the four weeks ended April 11 a 3% increase was noted over the volume in the corresponding period in 1958.

Small Business Seen Chief Victim of Out-of-State Tax Trend

U. S. Chamber of Commerce representative presents testimony opposing, and suggests solutions to overcome, recent U. S. Supreme Court decision which increases State's powers to tax interstate commerce.

WASHINGTON, D. C. — Recent U. S. Supreme Court decisions broadening a State's authority to tax outside firms will be especially harmful to small business, according to the Chamber of Commerce of the United States.

The Chamber pointed out that while the rulings mean that both large and small corporations may be taxed by many more States than previously, smaller firms will be least able to bear the extra burden. Further, the small firm will be especially hard hit by the legal, clerical and accounting cost of preparing additional returns.

The statements were contained in prepared testimony by Chamber spokesman John Dane, Jr., for the Senate Small Business Committee. Mr. Dane is a Boston tax attorney and former chairman of the Massachusetts State Tax Commission.

The Committee is holding hearings on decisions by the Court in Northwestern States Portland Cement Co. v. Minnesota and T. V. Williams, (Ga.) State Revenue Commissioner, v. Stockham Valves & Fittings, Inc. The Court held that a State may levy an income tax on a company incorporated in another State although the firm's only activity in the taxing State was the soliciting of orders and the shipment of goods thereto.

Mr. Dane said that besides hurting small business, the decisions would often be difficult and costly for a State to enforce because the tax-paying corporation would be located in another State, and that in many cases the tax liability of the Out-of-State corporation "may well be less than the cost of collection."

Mr. Dane said an ultimate solution to the problem might be based on one of the following approaches:

Congress might remedy the effect of the decisions by legislation stating that they place an undue burden on interstate commerce.

Congress might permit States to tax income from interstate commerce, but only if the income were apportioned among the various States in which a corporation did business in accordance with a uniform formula laid down by Congress.

A uniform allocation statute could be adopted by the States.

Regional compacts might be agreed upon by the States as has been done by nine of the western States in the field of highway user taxes.

Form Gillard Securities

BROOKLYN, N. Y. — Gillard Securities Corporation is conducting a securities business from offices at 16 Court Street.

Inv. Secs. Corp. Opens

SALT LAKE CITY, Utah — Investment Securities Corporation has been formed with offices in the Walker Bank Building to engage in a securities business. Officers are Thomas C. Cuthbert, President; Gilbert H. Iker, Secretary-Treasurer.

Inv. Securities Co.

TEMPLE, Tex.—Noble P. Snyder is conducting a securities business from offices at 109 North Second Street under the firm name of Investors Securities Co.

Continued from first page

Inflation: Sole Threat to Bright Economic Future

freedom. Long-term security must rely on sound economic growth to support it. Should we impair either military security or economic growth in our efforts to achieve both, we shall have failed in our trust.

The story of a nation's downturn has been in one way or another the chronicle of its unwillingness to face reality. Time and again, the choice has been made of an apparent easy way out. People have been misled by a seeming innovation in government or finance, by a misguided leader, or simply through accepting the notion that undesirable developments are inevitable. They have listened to promises that unromantic hard work can be done away with and that difficult problems can be pushed aside.

Where have these choices led?

There is no lack of answers.

Rome is a classic example. But we need not go that far back in history. One has only to look at what happened in Germany after the downfall of the Kaiser. One has only to look at the economic problems which have faced some other European countries — not newcomers to democracy—in recent years.

In the rest of the world, too, are countries which in their efforts to effect rapid economic changes have sacrificed financial soundness. In these countries we may see the dramatic symbols—impressive installations, public works, large buildings. But meanwhile, in all too many instances, the standard of living for the average man has remained low. Prices have gone up. Disease is a scourge. Job opportunities and job security are lacking. The savings which could lead to a better use of both resources and labor sometimes are not forthcoming.

In the United States we have an abundance of resources, skilled manpower, technological capacity. These are vital. But we must relate them to the well-being of people.

Our Dedicated Goals

We are dedicated to maximum employment. We are equally dedicated to growth in real terms. We are determined to maintain a free economy. These goals are consistent with and contribute to each other.

Every economy is an exercise in change.

Growth is the process of the development and expansion of economic segments. Each day sees a new horizon of accomplishment; tomorrow it becomes a part of our economic fabric. The process takes place when there is a climate of confidence — where there is free play for initiative and incentive. The foundation is the willingness of people to save and invest; the ambition of workers for self betterment that flows from the right to choose occupations and to bargain for a fair share of the product.

The factor of competition provides a basic insurance against exploitation. It is a motivating drive toward making the best use of new inventions and new processes. It lies at the root of satisfying real demands with the goods and services people want and will work to acquire.

But growth in a competitive society is historically uneven. Members of the same industry tend to expand or contract at the same time in order to maintain competitive positions. There are frequent shifts in geographical areas of operations that bring additional dislocations. In any given period, differing industries may be exhibiting very different patterns of growth or decline.

When a pattern of expansion or retraction becomes general in a number of industries and interests, the economy is characterized by inflationary or recessionary trends.

It is the task of the government to minimize the impact of such adjustments on the individual, the community, and the Nation. It is our task to prevent a spiraling effect in either direction. To this end, we have established certain stabilizers in our government. We must have an awareness of—and a readiness to use—all of the instrumentalities of government to prevent undesirable cumulative effects and to soften the impact on every segment of society. We must strive continually to reduce the levels of unemployment.

The utilization of these instrumentalities available to us, however, must be judged in the context of both the short- and long-range effects.

We must remember that although the government has a number of responsibilities when the economy moves too far in either direction, we are essentially a Nation of private, competitive enterprise. The course our economy will pursue is finally determined by the multitudes who engage in every phase of productive activity and of consumption.

The government taxes and spends and, therefore, plays an important role in the economy. Its influence is felt both through direct demand for goods and services and through the effect of government requirements on the amounts available for other consumers to buy. However, measured against the scale of national earnings and national consumption, the government role is not the primary one.

The rate of our growth and the development of our capacity to meet the expanding demands of our economy as a whole are still essentially anchored to the growth and the development of private business and industry.

Thirteen Guiding Principles

In considering the task which this imposes on our free enterprise system, I should like to suggest certain guiding principles which I believe should be a part of our basic thinking:

(1) We must realize that long-term economic growth in real terms can be achieved not **with** but only **without** inflation.

(2) We must strive for an achievable rate of relatively constant growth—not a succession of sharp ups and downs.

(3) We must not, as we come out of a recession, seek to force the economy into a quick boom which can later injure our long-run capacity to produce.

(4) We must put major reliance upon the private sector of the economy to increase production.

(5) We must give maximum free rein to incentives to save, to work, to produce, to invest.

(6) We must maintain the priceless incentive of confidence in the value of money.

(7) We must achieve a budget that is in balance or better during periods of high level activity.

(8) We must be willing to seek out the impediments to growth in our economy whether these are found in traditional business practices, in organized labor, in government subsidy programs, or in any other area.

(9) We must encourage the inventiveness and research necessary for new products, new jobs, and improved living standards in a growing economy.

(10) We must accept the imposition of discipline and prudent responsibility.

(11) We must not passively allow either inflation or deflation to run its course.

(12) We must—and by "we" I mean businessmen, workers, investors, and not only officials of government — make our day-to-day decisions with the welfare of the whole in mind, and not merely the advantage of the moment for some narrow segment.

(13) Finally, we must have confidence — and this confidence I have deep faith is well justified—that the American people are wise enough and perceptive enough to support the principles which can leave for your children and mine an America not ravaged by economic turmoil, but full of strength and growth and hope.

In sharp contrast to these principles, we are hearing talk today on what I believe to be some false assumptions.

Abjures "Little Inflation" Argument

One of them is that "a little inflation is good for economic growth."

So long as our aim is to increase real wages and real goods and services, I do not believe that any characteristic which could contribute to the debasement of the currency is a desirable ingredient in our economy.

Concern about price inflation during periods of rapid peacetime growth is a relatively new phenomenon. Most of the price inflation in our history has been the accompaniment or the aftermath of war. During the previous century, price inflation was associated with the War of 1812, the banking and credit inflation of the 1830's, and the Civil War. In this century, it has been associated with World War I, World War II, and the Korean War.

Apart from these temporary periods, our great economic growth since the beginning of the nineteenth century frequently has occurred against the background of a general down trend in prices. This was particularly marked in the late 1800's. But it has been evident also in this century.

From 1910 to 1915, for example, manufacturing production increased 30% while prices showed a moderate decline. During the decade of the 1920's we had one of the most notable periods of sustained economic growth in the history of our country prior to World War II, with national output rising 50% in eight years. Yet this decade was characterized by remarkable price stability. Between 1951 and 1955, a period again characterized by relative stability in the broad indexes of wholesale and consumer prices, we reached the most prosperous levels attained in our economy up to that time.

It is not only our experience of the recent and war-remote past that demonstrates growth goes hand in hand with stable prices. Any realistic appraisal of continuing instability, with the speculation and the waste that inflation produces, makes it quite clear that this is not the way to attain steady and enduring growth.

Then, too, the judgments of businessmen and investors would be distorted and create maladjustments which could finally result in serious fluctuations in the economy. Also, of course, if serious inflation occurs, public opinion may well demand government controls over almost every facet of our lives.

I am confident that this nation is not now going to adopt a philosophy that inflation is a necessary part of the price of progress. For in addition to what it does to our economic structure, inflation exacts a penalty that would be levied on the pocketbook of every American. It would fall with the most hardship on the wage-earner, the self-employed, the teachers, the holders of insurance policies, depositors in savings associations, parents trying to provide for their children's education, those on social security, and others like them. The rich and those with the capacity for self-protection would suffer least.

Such a doctrine I reject!

Terms Deficit-Financing Inflationary

Another false assumption we hear discussed is that deficit financing has little to do with inflation.

The fact is that when the government has to borrow from commercial banks, as is often the case in times of high business activity, such borrowing adds to the money supply by the amount of the borrowing and so increases inflationary pressures. Continued deficits are bound to add to monetary inflation. They are bound to have the same effect, over a period of time, as a resort to printing press money.

Today, our Gross National Product for the first quarter on an annual basis is $465 billion. Personal income for the first quarter stood at an annual rate of almost $366 billion. Corporate profits for the first quarter of this year are at an all-time high. The Federal Reserve Board index of industrial production has reached 147—another all-time high.

If in a period like this we say to ourselves and to the world that we cannot live within our means, everyone has the right to ask: When do you expect to do so?

Expects Balanced Budget

Finally, one hears from time to time that the efforts to balance the budget are without hope. This assumption I also reject.

On the revenue side, we estimated our revenue in January to be $77 billion. Today, I believe there is even more evidence to support this estimate than there was last January.

The level of expenditures as submitted in the January budget continues to be sound. I believe that there will be a great deal more said about how we divide the government's income in the fiscal year 1960 than there will be about how much more than our income we as a nation are willing to spend.

I have this judgment because I believe that the American people have shown and are showing their determination to pursue prudent policies that help avoid dangerous pressures for either inflation or deflation.

Walking the Narrow Path

In a free economy, we can never wholly eliminate the incidence of inflationary pressures during some periods and recessionary pressures during others. The problem is to walk the narrow path which allows neither to become dominant, to maintain the capacity and the willingness to exercise flexibility and reversibility, and to constantly pursue the sound objective of maximum employment, reasonable growth, and freedom of economic activity.

Recession must not be allowed to develop in a cumulative downward spiral of declining wages and profits, reduced buying, and curtailed employment. These factors, if unimpeded, feed upon each other. Monetary policy, our fiscal system, the utilization of unemployment compensation, and other resources at the command of the government must be wisely administered in terms of both the short and the long run.

By the same token, we must maintain a constant awareness of the dangers of inflation during the upward swing of the cycle. However unpopular, we must be willing to exercise at such a time the restraints which changes in monetary controls, government fiscal policy, and the maintenance of budgetary surpluses can bring about.

We must remember that what we are trying to protect is our way of life. This protection cannot be accomplished by having absolute controls over prices, wages, salaries, choice of occupation, right to expand, and similar activities of a free society. If we resort to such controls we surrender many of our freedoms and threaten others.

Furthering Defense and Economic Health

In a competitive economy which is going to have its adjustments from time to time, how then are we going to assure national security and at the same time pursue a long range policy of economic soundness and the furtherance of human welfare

The Administration is determined to do this, first, by adopting policies which give primary call on our resources and our output to maintaining the physical security of the United States. The determination of what this involves must be made by the one man who has the responsibility for a comprehensive view of the total national effort — the President.

After that, we must determine how much of our resources we can afford to give to promoting growth and a rising standard of living, not neglecting the need for a surplus of revenues over expenditures which can be used for debt reduction. We cannot expect such a surplus during periods of readjustment such as we experienced in 1958. But a surplus should be part of our fiscal program during periods of high and rising busines activity. If it is not — if instead we adopt the philosophy that at no time in our history is anything more required of us than barely breaking even —we begin to cast reasonable doubt upon our willingness to accept the responsibilities which are ours.

Debt-Retirement Responsibility

To ignore the obligation of paying off some part of our debt during prosperous times is contrary to all of our American traditions of good faith and performance. Failure to reduce our debt when we can means passing on the problems of the debt to another generation, which we have no moral right to do. It also means foregoing the restraining effect of budget surpluses on the inflationary pressures that historically exist during periods of high activity. Budget surpluses are effective weapons in our arsenal; we cannot afford to ignore them.

The whole world is watching us closely. The countries who are new to democracy, in particular, are observing very carefully the extent to which we practice what we preach. On my trip to and from New Delhi last fall, for the annual meetings of the International Bank and Monetary Fund, I was impressed to discover how well informed foreign officials are about even the details of our fiscal attitudes and position.

As we face the problems of our day, we have the comforting realization that we have recently been able to achieve—not without effort—a rather high degree of price stability. The value of the dollar has not decreased in 12 months. The all-commodity index of wholesale prices has been substantially level. We have a substantial amount of unused capacity in basic industries.

Nevertheless, I must repeat that in a free economy there is never a complete absence of the inflationary or deflationary threat.

There are those who say that in this period of stability no voice should be raised about the dangers of inflation. There are those who say that the realities of the moment should shield us from the disturbing prospects of what future inflation might produce.

There are those who say that if we warn against future dangers we are contributors to the inflationary process.

What would they have us do? Would they have us ignore the future consequences of what we now propose or do? Such a doctrine must be alien to those of you who have the responsibility of keeping the nation informed as to the problems of today and equally alert to the problems of tomorrow.

Calls on Newspaper Fraternity

Publishers and editors of the great newspapers of our nation have more than a working familiarity with the difficulties and dangers involved in government financing. By giving expression in realistic perspective to the whole panorama of viewpoints on these complex and unromantic areas of the news, they can help millions of Americans obtain a much-needed insight into the nature of our financial responsibilities as a nation.

The Treasury is willing and anxious to give all the help it can in supplying the facts. It is obvious, however that we must refrain from making public information which is confidential under law, as well as giving out information which would be inappropriate in light of a pending financing or information which might improperly serve to promote speculation in any market. Within these limits we do make information available to the maximum limit.

The fact that fiscal matters are little understood — even by some rather prominent and otherwise well-informed people—was brought home to me one day when a visitor in my office remarked: "You talk of the dangers of monetization of the debt, Mr. Secretary. You know I just don't believe there is such a danger. Probably because I don't quite understand what monetization means!"

Explains Debt-Monetization

I said this to my visitor: "Now suppose I wanted to write checks of $100 million starting tomorrow morning, but the Treasury was out of money. If I called up a bank and said, will you loan me $100 million at 3½% for six months if I send you over a note to that effect, the banker would probably say, yes, I will.

"Where would he get the $100 million with which to credit the account of the United States Treasury? Would he take it from the account of someone else? No, certainly not. He would merely create that much money, subject to reserve requirements, by crediting our account in that sum and accepting the government's note as an asset. When I had finished writing checks for $100 million the operation would have added that sum to the money supply. No, certainly that approaches the same degree of monetization as if I had called down to the Bureau of Engraving and Printing and said: 'Please print me up $100 million worth of greenbacks which I can pay out tomorrow.'"

At this point my visitor broke in to say, "Oh, I would be against printing those greenbacks!"

There are many lessons to be learned from history — and particularly from the history of man's struggle to achieve and maintain human freedom. But one lesson stands out: Each generation must have the wisdom, the courage, and the toughness to accept the responsibilities which are uniquely theirs. If they do not — if difficult problems are pushed aside — the generations that follow will surely pay the price.

Alfred North Whitehead has said that every epoch has its character determined by the way its population reacts to the material events they encounter. They may rise to greatness — or they may collapse.

In writing of the Greeks and Romans, one of our greatest classical scholars summed up their story as follows: "In the end, more than they wanted freedom, they wanted security, a comfortable life, and they lost all —security and comfort and freedom. . . . When the Athenians finally wanted, not to give to the Society, but the Society to give to them, when the freedom they wished most for was freedom from responsibility, then Athens ceased to be free and was never free again."

Let us remember.

Let us remember, too, George Washington's admonition to the new American Republic. Liberty and self-government, he said, are "finally staked on the experiment entrusted to the hands of the American people."

The stark truth of Washington's statement is being underscored almost everyday by events in the headlines. The imperialist programs of the communist dictatorships represent the greatest challenge to freedom which the world has ever known. The success or failure of that challenge depends very largely on the choices of the American people. Our country will make the right choice; our freedom will be preserved.

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Sound Economics for Developed And Nonindustrialized Areas

tent the price declines have been intensified by the recession, but they should not be regarded as no more than by-products of cyclical fluctuations. For many commodities prices have been affected by deep-seated structural changes, including a sharp increase in productive capacity and output, competition from synthetic and other products, and the difficulties associated with the disposal of agricultural surpluses in the United States.

While a recovery in world trade may improve the prices of some of these products, and in any case make it easier to dispose of stocks, it would probably be an illusion to think that the main difficulty will be overcome in this way. Many primary producers are faced with long-term problems for which the only proper solution is probably a diversification of their own production and exports; for this they will need new capital, and also better technical knowledge.

At the same time, the underdeveloped countries have to take account of the demand from their growing populations for a better standard of living, the attainment of which also requires capital for investment. In these circumstances there is, of course, a strong temptation for these countries to look to an expansion of credit to provide the funds that are needed, even though such an expansion will clearly be of an inflationary nature. With the experience that has been gained in many parts of the world, it is now possible to assess whether such policies are appropriate. It is perhaps just as well to admit first that, for a time, some degree of credit creation that leads to a rise in prices may bring forth a kind of "forced savings", which can form the basis for industrial and other investments. But this is true only so long as the public is willing to continue holding a more or less normal amount of cash in the form of notes and so long as wage increases continue to lag behind the rise in prices. Once people wake up to the hurts inflicted upon them by inflation, they will demand increased wages and also hasten to buy whatever they can to avoid any loss of real earnings. When that happens, not only will the forced savings disappear, but the normal flow of voluntary savings will also be diminished and increasingly diverted to speculation in real estate and other ventures. I believe it has been the experience in quite a number of countries, both industrialized and nonindustrialized, that when this happens the game is up, for without a ready flow of savings no economic progress can be sustained. I was interested a few weeks ago to hear a statement from a senior official of a Latin American country that it was the policy of his new administration "to put a quick end to inflation which has been holding back the country's development for many years."

There is also another aspect of this problem; there can be little doubt that one of the main considerations for foreigners when they contemplate private investment in a country is whether that country has or has not a sound currency position. While inflation is raging they are bound to be hesitant. What is less obvious but equally true is that public and international agencies are likely to be less interested in using their not unlimited funds for economic development in countries where inflation threatens to dissipate a large part of the effectiveness. Any country is likely to find that a continuance of inflation means diminished internal and external resources on which to base its investments and the growth of its economy. This I think is being more widely realized; and the eagerness with which an increasing number of countries have in recent years worked out stabilization programs and put them into effect is evidence thereof. It is undoubtedly difficult for governments subject to many pressures, and anxious to meet often dire needs, to evolve and to hold to consistent policies. This is a difficulty found all through the world's history. The Roman historian, Sallust, expressed it in a famous passage: *Sunt plerumque regum voluntates vehementes et inter se contrariae.* [It is the habit of rulers passionately to pursue aims that are inconsistent one with another.] But in the past it has never been wise to pursue radically inconsistent policies, and it will never be wise in the future.

Joins S. Romanoff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Guy L. Thurber is with S. Romanoff & Co., 340 Main Street.

Howell, Kraft Opens

Howell, Kraft & Cummings, Inc. is conducting a securities business from offices at 80 Wall Street, New York City. Theodore B. Howell is President; Theodore Kraft, Vice-President and Treasurer; and Albert J. Cummings, Vice-President and Secretary. Mr. Howell was formerly with C. F. Childs & Co. and J. P. Howell & Co., Inc.

Joins Jack Dusapin

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Aloysius J. Weis is now affiliated with Jack Dusapin, 506 Juniper Avenue. He was formerly with Liberty Investment Company of Denver.

Frank Lerner Opens

Frank Lerner is conducting a securities business from offices at 417 East 54th Street, New York City.

Public Utility Securities

By OWEN ELY

Southern California Edison

Southern California Edison supplies electricity to a population of 4,637,000 in central and southern California, the principal cities served including Long Beach, Santa Monica, San Bernardino and Santa Barbara (Los Angeles has its own municipal lighting department). Major industries are oil, tires, cement, chemicals, airplanes, automobiles and machinery; farming consists mainly of growing and packing of fruits and vegetables. Revenues are about 37% residential, 5% rural, 22% commercial, 27% industrial and 9% miscellaneous.

California is noted for its rapid growth and Southern California's revenues last year were $256 million compared with only $42 million in 1937 and $118 million in 1951. Revenues last year gained 17%, although a substantial part of the gain was due to higher rate schedules. President Morton, in a recent address before the National Industrial Conference Board Panel, estimated that electric output in the first half of 1959 would be 12% over last year and in the second half about 9%; for the year as a whole this would mean a 10.5% increase. Revenues would not gain quite as fast and an increase of about 8% was anticipated.

The number of new meters installed by the company, about 59,000 in 1958, while less than in recent years, would still reflect the addition of the equivalent of a city of 175,000-200,000 population on the lines.

Construction budgets over the next two years are expected to be between $100 and $115 million compared with $135 million in 1957 and $150 million in 1958. The company installed extra capacity in the past two years, and with the completion of two 220,000 kw. units at Mandalay Steam Station will have reached an adequate reserve position. Thus future expenditures will taper off. New financing will also be at a lower rate, and for the current year the company will need only about $50 to $60 million new cash, half of which has already been obtained from sale of common stock.

There has been a gradual transition from hydro to steam for generating purposes and hydro-based capacity is now only 30% of total compared with 60% a decade ago. Total generating capacity at the end of 1958 was 3,404,000 kw. compared with 2,962,000 kw. peak demand.

The company has had continuing troubles over the past few years in the "subsidence" of a large steam plant in Long Beach due to neighboring oil wells. Substantial amounts were spent to prevent loss of the plant. However, it has now been placed on "cold stand-by," since production costs are fairly high, and will be used only for peaking purposes in future. Another special problem has been smog in Los Angeles—the company has been seeking additional natural gas for boiler fuel for its nearby plants—it does not serve the city directly.

Earnings of the utility companies in the state of California have been very much affected by changing fuel costs and they have been unable to obtain from the state commission a broad "adjustment clause" in rate schedules to provide for automatic rate increases or decreases to compensate for changes in the price of oil and gas fuels. In 1958 the company was fortunate in that hydro-electric conditions were quite favorable, and there was also a decline in the price of oil. Thus while total output showed a gain of nearly 5% over the previous year, hydro produced at the company's plants increased some 37% and the amount obtained from Hoover Dam was nearly three times as great as in 1957. While there was some decrease in purchased power, steam generation was about 8% less than in 1957 and the total cost of fuel was also down about 8%.

In October, 1957, the California Public Utilities Commission granted the company an electric rate increase of $25 million (the company had asked for $34 million). After Federal income taxes this would have left the equivalent of about $12 million or $1.27 on present shares of common stock (this amount may have been reduced moderately by local taxes). Chairman Harold Quinton in a recent talk before the New York Society of Security Analysts indicated that no new major proceeding with respect to rates will probably be necessary before 1960 or perhaps even later—since the company is "inclined to let the pressure of a declining rate of return build up a bit before going to the commission." The degree of inflation in expenses would be the determining factor, he stated.

Southern California Edison made good progress in 1958 in stimulating construction of all-electric homes. Under the Medallion Homes Program over 43% of the initial national quota of 20,000 Medallion homes were built in the company's area. Contracts for 8,762 Medallion homes were signed during 1958 and in addition some 7,000 electric kitchens were connected during the year. Space heating and air-conditioning sales also increased materially; the company now has 5,000 heat pumps on its lines, of which over half are residential.

The company sold 500,000 shares of common stock in January and there will be some additional common shares issued in conversion of convertible debentures and preference stocks (although the company does not expect to call any of these). Thus total shares at the end of 1959 are estimated at about 9,675,000 shares compared with 8,906,000 at the end of 1958, an increase of 9%. With hydro probably less favorable this year, Chairman Quinton estimates that 1959 earnings should be a "little better" in 1959 than the $3.70 earned last year.

The company has no plan for any further increase in the dividend this year. The stock has been selling around 60 recently and pays $2.60.

Named Director

Kenneth B. Erdman, Electronic Sales Executive of Cheltenham, Pa., has joined the Board of Directors of Over-The-Counter Securities Fund, Inc., the only mutual fund devoted exclusively to investments in unlisted securities.

Mr. Erdman succeeds John B. Darrah who resigned because of the press of other business responsibilities.

With Riter & Co.

Edward B. Lloyd has become associated with Riter & Co., 40 Wall Street, New York City, members of the New York Stock Exchange.

J. J. Havill Opens

WEST PALM BEACH, Fla.—Jackson J. Havill is engaging in a securities business from offices in the Citizens Building under the firm name of Jackson Havill & Co. Mr. Havill was formerly with Frank B. Bateman, Ltd.

Continued from page 2

The Security I Like Best

every Pacific Automation Products Inc. cable designed to provide the most demanding service that may ever be exacted of it. PAPI cables are strong links in the "electronic chains" of which they are a part.

The same techniques that are being utilized so effectively in America's major missile programs, are also finding wide applications in the commercial and industrial control and automation systems of today and tomorrow. The experience of Pacific Automation Products, Inc., and the proven reliability of its products, qualifies this Company well to serve in coming years the most advanced cabling requirements—military, industrial and commercial.

The systems business of the Company also includes the design and manufacture of missile simulator systems and missile control simulator systems used for testing and validating the operation of missiles and missile launching controls. For these simulator systems, the Company furnishes all necessary cabling and builds or purchases all necessary electronic apparatus not furnished by the customer or the government.

A minor but gradually growing aspect of the Company's business consists of sales of custom cabling and cable assemblies to industrial and commercial users, for such applications as the electronic linking of computer components and machinery used for automated industrial applications.

In order to accommodate the rapidly increasing volume of business, plant and facilities have grown from an original 18,000 square feet in the first year to more than 160,000 square feet at the present time. Total employment is now well over 1,000.

The Company maintains a staff of approximately 170 engineers and technicians who devote in the aggregate a substantial portion of their time to designing cable assemblies and missile launching and testing site cabling systems, as well as to developing new products. These research and engineering functions are supported by chemical, electrical and mechanical laboratories and testing facilities in the Company's plant.

Space Electronics

In June, 1958, PAP organized Space Electronics Corporation as an 80% owned subsidiary, with a view to broadening its activities in the space electronics industry. Within three months the demand for its services were such that the Company was operating in the black. Projections indicate steeply rising sales ahead.

The operations of Space are centered in the field of missile electronics and electronic equipment, both airborne or ground-based, for use with satellites and other vehicles designed to travel outside the earth's atmosphere. Advanced practical research and development is the primary business of Space Electronics. This is properly supported by necessary production capabilities. The officers of the Company are eminently qualified in advanced and practical research and development in the space field. They bring rich experience from their accomplishments in the development of electronics techniques for guidance, control, instrumentation and communication on most of the early and recent guided missile successes. They are nationally recognized authorities in the electronics-missile area.

The President of the Space Electronics Corporation is Dr. James C. Fletcher; its Vice-President is Mr. Frank W. Lehan. Prior to joining the Company, Dr. Fletcher was Director of the Electronics Laboratory of the Space Technology Laboratories of Ramo-Wooldridge Corporation. In that capacity, he directed development of guidance and control systems for missiles in the United States Air Force Ballistic Missile Program, including Atlas, Thor, Titan, and Minute Man missiles. Frank W. Lehan, the Vice-President of Space Electronics, was previously employed as the Assistant Director of the Electronics Laboratory of the Space Technology Laboratories of Ramo-Wooldridge Corporation. Mr. Lehan served as Project Engineer for the development of the Minute Man and for various classified programs in the field of space technology. With these men as leaders, a team of top scientists and technicians is being formed at Space Electronics Corporation.

One of the major objectives of the Space Electronics Corporation is to apply the knowledge gained in the U. S. Missile and Space Program to commercial and civilian applications. According to Dr. Fletcher, the use of relay satellites to interchange live television programs, and other communications, for example, can be a reality within five years time. This is one of the commercial areas the new Corporation has as its objectives. Others include the utilization of experience gained in the Missile and Space Program to the development of electronic satellites as world-wide navigational aids, and meteorological surveillance stations for long-range weather observations. Dr. Fletcher maintains that these applications will greatly enhance the communications between countries and will drastically change the methods of navigation for added ship and aircraft safety.

Since Space Electronics Corporation became a business entity, the Company has secured contracts for significant R & D work from such leaders in the industry as Hughes Aircraft Company, North American Aviation, Boeing Aircraft Company and Jet Propulsion Laboratory (Cal Tech) Work is in the planning stages for the United States Air Force, and for the United States Navy. Indicative of the exciting prospects for Space Electronics is the type of work called for in some of the current work projects which, for instance, involve the development of a communications system for use between Mars and Jupiter.

This well-rounded combination, then, of Pacific Automation Products, Inc. and Space Electronics Corporation provides a team that anyone in the country with automation, missile, or space vehicle problems can come to, with the assurance that they are dealing with highly-experienced scientists with well-established reputations in this field. With billion of dollars destined to be poured into this country's military posture over the next several years, PAP is sure to be called upon to perform an ever-increasing work load.

Pacific Automation, therefore, is my favorite security because I foresee a brilliant future for this Company that is so well secured to the stirring potentials of the space-age. The Company's management impresses as dynamic, capable and technically competent and imaginative.

For the fiscal year ending Aug. 31, 1959, it seems reasonable to anticipate sales of \$15-17 million and earnings of about \$1.50. Looking further into the future as the space-age matures, it is estimated that within three years the Space Electronics subsidiary will be equal in size to all the Company's other activities, thus indicating the strong possibility that 1962 sales will be at least \$40 million and earnings \$4.-\$5 per share.

There are no present plans for dividend payments or financing. Thus, Pacific Automation, priced at about 27½ (Over-the-Counter Market), with 500,000 shares outstanding, of which more than 200,000 shares are closely held, seems not only modestly priced based on near-term prospects, but extremely attractively priced based on the very exciting long-term potential.

Sutro Bros. Underwrite B. S. F. Co. Stock Offer

B. S. F. Company is offering to the holders of its capital stock of record April 21 the right to subscribe on or before May 6 for 113,079 shares of additional capital stock (par \$1) and 113,079 stock purchase warrants in units of one share of stock and one warrant at \$17 per unit at the rate of one unit for every three shares of stock held (with an oversubscription privilege). The offering is underwritten by Sutro Bros. & Co.

Units are separable on delivery. Stock purchase warrants are exercisable on or before May 20, 1964 and entitle the holder to purchase one share of capital stock. Prior to May 21, 1961 the exercise price will be \$20 per share; from May 21, 1961 to May 20, 1962 \$22 per share; from May 21, 1962 to May 20, 1963 \$23 per share; and from May 21, 1963 to May 20, 1964 \$25 per share.

B. S. F. Company was incorporated on Aug. 10, 1955 in Delaware. It is not an operating company but has direct and indirect interests in a number of affiliated companies engaging in various industrial and financial businesses. It owns approximately 23% of the outstanding common stock of American Hardware Corp., a hardware manufacturer; all of the outstanding capital stock of New York Factors, Inc., a factoring company; and approximately 8% of the outstanding common stock of United Industrial Corp., a manufacturer of various industrial products.

The net proceeds of the offering will be used to reduce certain bank loans, and to increase investments; also for other corporate purposes.

Gearhart & Otis Offer Florence, Ala., Bonds

Gearhart & Otis, Inc., New York City, are offering, subject to prior sale, \$128,000 City of Florence, Ala., 5% first mortgage industrial development revenue bonds, due from 1972 to 1977 inclusive, at a price of \$850 plus accrued interest per \$1,000 coupon bond. Interest is payable April 15 and Oct. 15 and is exempt from Federal income tax in the opinion of counsel. The bonds do not carry any exchange offer from Stylon Corporation.

New Bradford Branch

JACKSON, Miss.—J. C. Bradford & Co. has opened a branch office in the Deposit Guaranty Bank Building under the management of Baxter Brown.

New Walston Branch

FT. LAUDERDALE, Fla.—Walston & Co., Inc. has opened a branch office at 3116 East Sunrise Boulevard under the direction of George U. Robson.

Security Traders Assn. Of New York

The Security Traders Association of New York has called a special meeting of all regular members for Wednesday, May 6th, at the Bankers Club (5 p.m.) for a new consideration of certain amendments to the By-Laws.

$70 Million for Southern Italy Development Fund

Cortelyou L. Simonson, partner in Morgan Stanley & Co., Italian Ambassador Manlio Brosio, Prof. Gabriele Pescatore, President of the Fund and W. A. B. Iliff, Vice-President of the World Bank (left to right), sign contracts at Morgan Stanley office April 21 covering \$70,000,000 of new capital to be raised for the Fund, known as Cassa per il Mezzogiorno.

The Cassa is a government-backed agency for economic and agricultural development. A Morgan Stanley underwriting group is selling \$20,000,000 of the Cassa's bonds in the public market and Morgan Stanley itself is placing an additional \$10,000,000 of short-term loans with institutions. The World Bank and European Investment Bank are each providing loans of \$20,000,000.

The Southern Italy Development Fund (Cassa per il Mezzogiorno) yesterday (April 22) borrowed \$70,000,000 in a combined operation consisting of issues of \$30,000,000 of bonds on the New York investment market and loans equivalent to \$20,000,000 each from the European Investment Bank and from the World Bank. The bonds and the loans are guaranteed as to payment of principal and interest by the Republic of Italy. The transaction marks the first borrowing by the Southern Italy Development Fund in the New York capital market.

A group of investment firms headed by Morgan Stanley & Co. offered \$20,000,000 15-year 5½% sinking fund bonds due May 1, 1974, at 97½% and accrued interest to yield approximately 5.75% to maturity. Morgan Stanley & Co., as agent for the Southern Italy Development Fund, will place \$5,000,000 four-year 4¾% bonds and \$5,000,000 five-year 4¾% bonds with institutions, including commercial banks. The four- and five-year bonds will be priced at 100%.

Principal and interest of the bonds will be payable in New York City in United States currency. The four- and five-year bonds are not redeemable. The 15-year bonds are not redeemable prior to May 1, 1969, except through operation of a sinking fund which will begin on Nov. 1, 1964 and is designed to retire the entire issue by maturity.

The Cassa per il Mezzogiorno was created by the Republic of Italy in 1950 to carry out a large program of public works in southern Italy in the fields of agriculture, transport and public health. The Cassa also extends credit and provides other assistance to promote the development of agriculture and industry in the south. The lire equivalent of the net proceeds from the sale of \$30,-000,000 of bonds will be applied to the general program of the Cassa.

The loans equivalent to \$40,-000,000 from the European Investment Bank (EIB) and from the World Bank will help to finance the Mercure thermal electric power project south of Naples and two industrial projects in Sicily; the SINCAT and the CELENE petrochemical plants, both near Augusta. The Cassa will relend \$18,000,000 to the company carrying out the Mercure power project, and \$22,000,000 to a regional agency for relending to the industrial concerns. The EIB loan bears interest of 5⅝% per annum. The World Bank loan bears interest of 5¾% including the 1% commission which is allocated to the Bank's Special Reserve. Both loans to the Cassa are for a total term of 20 years with amortization beginning in 1963. Repayment of the industrial loans will be completed in 1971 and repayment of the power loan will be completed in 1979.

The loan by the European Investment Bank, which was established in 1958, marks the beginning of its credit activity. This is the Cassa's sixth loan from the World Bank, bringing total World Bank lending for the Cassa program to nearly \$260,000,000.

Barth Offers Greater All American Markets Common Stock at $6.50

Public offering of 300,000 shares of Greater All American Markets, Inc. common stock at a price of \$6.50 per share was made yesterday (April 22) by J. Barth & Co.

Net proceeds from the sale of the common shares will be used by the company principally for the purchase of inventories for six planned new supermarkets in 1959-60—two each in Los Angeles, Orange and San Diego Counties, Calif. Proceeds will also be used for advanced rental payments under the lease of land and buildings and lease of fixtures and equipment for these markets, and the balance will be available for additional working capital.

Great All American Markets, Inc. owns and operates eight supermarkets in Los Angeles and Orange Counties, Calif., none in the city of Los Angeles. General offices of the company are located in Downey, Calif. Total sales of the eight supermarkets for 1958 were \$21,969,075, a total weekly average of \$52,810 per supermarket.

Aida Industries Stock Offer Oversubscribed

Darius Inc., of New York City, on April 21 publicly offered 50,000 shares of cumulative participating preferred stock (par 75 cents) of Aida Industries, Inc. at \$1 per share. This offering was oversubscribed.

The net proceeds will be used for general corporate purposes and working capital.

The business of the company is the manufacture, sale and distribution of novelty items, toys and costume jewelry. The office of the company is at 146 West 28th St., New York, N. Y.

Long & Meaney to Admit

Long & Meaney, 15 Broad Street, New York City, members of the New York Stock Exchange, on May 1st, will admit Morton S. Schulman to partnership.

New Bache Office

DALLAS, Tex. — Bache & Co. has opened a branch office in the Mercantile Dallas Building under the management of Arthur J. Messing.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	April 26	§94.8	*93.8	92.9	47.1
Equivalent to—					
Steel ingots and castings (net tons)	April 26	§2,683,000	*2,657,000	2,631,000	1,270,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	April 10	7,127,375	*7,128,985	7,154,520	6,204,185
Crude runs to stills—daily average (bbls.)	April 10	¶8,092,000	8,199,000	8,283,000	7,494,000
Gasoline output (bbls.)	April 10	28,268,000	28,405,000	28,432,000	25,817,000
Kerosene output (bbls.)	April 10	2,107,000	2,184,000	2,315,000	2,031,000
Distillate fuel oil output (bbls.)	April 10	12,602,000	13,784,000	14,189,000	11,720,000
Residual fuel oil output (bbls.)	April 10	6,788,000	*6,798,000	7,334,000	7,248,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	April 10	214,594,000	*213,615,000	210,290,000	213,786,000
Kerosene (bbls.) at	April 10	19,281,000	18,616,000	18,988,000	17,406,000
Distillate fuel oil (bbls.) at	April 10	78,994,000	*78,951,000	78,876,000	73,727,000
Residual fuel oil (bbls.) at	April 10	57,393,000	*58,881,000	55,010,000	56,962,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	April 11	618,359	590,133	595,302	521,160
Revenue freight received from connections (no. of cars)	April 11	568,620	561,207	564,102	487,003
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	April 16	$371,300,000	$469,800,000	$393,700,000	$304,489,000
Private construction	April 16	167,700,000	206,500,000	225,300,000	142,987,000
Public construction	April 16	203,600,000	263,300,000	168,400,000	161,502,000
State and municipal	April 16	176,000,000	119,700,000	129,400,000	121,755,000
Federal	April 16	27,600,000	143,600,000	39,000,000	39,747,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	April 11	7,950,000	*6,980,000	7,625,000	7,061,000
Pennsylvania anthracite (tons)	April 11	336,000	308,000	374,000	358,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100	April 11	130	117	124	110
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	April 18	12,609,000	12,604,000	12,900,000	11,107,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	April 16	304	337	292	346
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	April 14	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	April 14	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	April 14	$35.17	$36.50	$40.83	$32.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 15	31.150c	31.225c	31.175c	24.300c
Export refinery at	April 15	29.175c	30.450c	30.600c	21.275c
Lead (New York) at	April 15	11.000c	11.000c	11.500c	12.000c
Lead (St. Louis) at	April 15	10.800c	10.800c	11.300c	11.800c
‡Zinc (delivered) at	April 15	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	April 15	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig, 99.5%) at	April 15	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	April 15	102.500c	102.500c	103.250c	92.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 21	84.32	84.96	85.31	97.34
Average corporate	April 21	89.09	89.64	90.06	95.92
Aaa	April 21	92.50	92.93	93.97	102.63
Aa	April 21	91.05	91.77	92.35	99.68
A	April 21	89.23	89.92	90.06	96.07
Baa	April 21	83.91	84.55	84.30	86.65
Railroad Group	April 21	87.86	88.40	88.40	91.48
Public Utilities Group	April 21	88.95	89.37	89.78	97.78
Industrials Group	April 21	90.34	91.34	91.91	98.88
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 21	4.03	3.97	3.87	2.73
Average corporate	April 21	4.48	4.44	4.41	4.01
Aaa	April 21	4.24	4.21	4.14	3.59
Aa	April 21	4.34	4.29	4.25	3.77
A	April 21	4.47	4.42	4.41	4.00
Baa	April 21	4.87	4.82	4.84	4.66
Railroad Group	April 21	4.57	4.53	4.53	4.31
Public Utilities Group	April 21	4.49	4.46	4.43	3.89
Industrials Group	April 21	4.39	4.32	4.28	3.82
MOODY'S COMMODITY INDEX	April 21	392.9	390.2	390.6	391.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	April 11	296,719	357,953	305,979	236,799
Production (tons)	April 11	312,695	295,358	307,440	256,970
Percentage of activity	April 11	94	89	93	82
Unfilled orders (tons) at end of period	April 11	482,117	498,653	470,191	382,210
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	April 17	111.01	111.52	110.58	110.09
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 28	1,996,400	3,291,090	2,312,580	1,363,880
Short sales	Mar. 28	369,580	572,550	467,780	276,600
Other sales	Mar. 28	1,566,260	2,637,930	1,990,660	1,033,670
Total sales	Mar. 28	1,935,840	3,210,480	2,458,440	1,310,270
Other transactions initiated on the floor—					
Total purchases	Mar. 28	383,300	650,670	450,620	353,280
Short sales	Mar. 28	21,700	61,800	65,700	37,900
Other sales	Mar. 28	434,120	584,430	413,720	344,620
Total sales	Mar. 28	455,820	646,230	479,420	382,520
Other transactions initiated off the floor—					
Total purchases	Mar. 28	562,540	1,030,530	587,170	434,200
Short sales	Mar. 28	71,660	199,700	128,670	75,990
Other sales	Mar. 28	552,070	959,780	690,395	490,260
Total sales	Mar. 28	623,730	1,159,480	819,065	566,250
Total round-lot transactions for account of members—					
Total purchases	Mar. 28	2,942,240	4,972,290	3,350,370	2,151,360
Short sales	Mar. 28	462,940	834,050	662,150	390,490
Other sales	Mar. 28	2,552,450	4,182,140	3,094,775	1,868,550
Total sales	Mar. 28	5,015,390	5,016,190	3,756,925	2,259,040
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 28	1,420,266	2,223,820	1,855,697	1,162,232
Dollar value	Mar. 28	$70,874,815	$108,293,867	$97,385,106	$50,336,445
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 28	1,301,227	2,029,208	1,643,766	1,012,454
Customers' short sales	Mar. 28	5,912	6,166	11,127	16,078
Customers' other sales	Mar. 28	1,295,315	2,023,042	1,632,639	996,376
Dollar value	Mar. 28	$64,042,553	$99,449,928	$84,969,399	$43,040,716
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 28	368,660	567,350	429,040	279,890
Short sales	Mar. 28				
Other sales	Mar. 28	368,660	567,350	429,040	279,890
Round-lot purchases by dealers—					
Number of shares	Mar. 28	467,240	758,190	627,700	408,370
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 28	529,060	950,580	831,480	601,260
Other sales	Mar. 28	13,150,930	21,798,840	16,482,230	10,726,790
Total sales	Mar. 28	13,679,990	22,749,420	17,313,710	11,328,050
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	April 14	119.9	*119.7	119.4	119.5
Farm products	April 14	92.7	90.9	90.8	98.2
Processed foods	April 14	107.4	107.1	107.2	111.4
Meats	April 14	101.8	100.4	99.0	110.2
All commodities other than farm and foods	April 14	128.1	*128.2	127.8	125.7

*Revised figure. ¶Includes 963,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
CONSUMER PRICE INDEX — 1947-49=100— Month of February:			
All items	123.7	123.8	122.5
Food	118.2	119.0	118.7
Food at home	116.1	117.1	117.2
Cereal and bakery products	133.8	133.9	132.6
Meats, poultry and fish	112.6	113.8	112.0
Dairy products	114.0	114.1	114.5
Fruits and vegetables	121.2	121.7	124.4
Other foods at home	108.1	109.9	111.3
Food away from home (Jan. 1953=100)	114.1	114.0	
Housing	128.5	128.2	127.3
Rent	139.0	138.8	137.0
Gas and electricity	118.5	118.2	115.9
Solid fuels and fuel oil	140.0	138.9	137.2
Housefurnishings	103.8	103.2	104.9
Household operation	133.1	133.1	129.9
Apparel	106.7	106.7	106.3
Men's and boys'	107.8	108.0	109.0
Women's and girls'	98.8	98.7	98.6
Footwear	131.3	130.8	129.5
Other apparel	91.7	91.7	92.0
Transportation	144.3	144.1	138.5
Public	133.3	133.1	185.4
Private	191.8	191.8	127.9
Medical care	148.6	147.6	141.9
Personal care	129.8	129.4	128.0
Reading and recreation	117.1	117.0	116.6
Other goods and services	127.4	127.3	127.0
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of February:			
Cotton Seed—			
Received at mills (tons)	87,200	147,400	81,098
Crushed (tons)	468,400	569,800	406,501
Stocks (tons) Feb. 28	1,126,200	1,507,400	1,042,009
Cake and Meal—			
Stocks (tons) Feb. 28	103,800	79,600	224,694
Produced (tons)	214,200	262,100	186,389
Shipped (tons)	190,000	261,000	203,150
Hulls—			
Stocks (tons) Feb. 28	112,200	112,400	119,300
Produced (tons)	109,100	130,100	95,020
Shipped (tons)	109,300	130,100	99,466
Linters—			
Stocks (bales) Feb. 28	309,400	317,300	341,936
Produced (bales)	140,100	168,400	118,546
Shipped (bales)	148,000	167,500	102,802
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of March:			
Weekly earnings—			
All manufacturing	$88.62	*$88.00	$81.45
Durable goods	95.99	*95.11	87.75
Nondurable goods	78.41	78.01	73.53
Hours—			
All manufacturing	40.1	*40.0	38.6
Durable goods	40.5	*40.3	39.0
Nondurable goods	39.4	39.4	38.1
Hourly earnings—			
All manufacturing	$2.21	*$2.20	$2.11
Durable goods	2.37	2.36	2.25
Nondurable goods	1.99	1.98	1.93
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of January (millions of dollars):			
Inventories—			
Durables	$28,062	*$27,863	$30,625
Nondurables	21,431	*21,346	22,286
Total	$49,493	*$49,209	$52,911
Sales	28,214	*28,135	26,350
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of March	£39,686,000	£46,336,000	£22,693,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of February in billions:			
Total personal income	$364.5	*$363.0	$348.8
Wage and salary receipts, total	246.1	*245.4	235.1
Commodity producing industries	102.1	*102.1	97.9
Manufacturing only	81.1	*80.8	76.9
Distributing industries	65.1	*64.8	63.5
Service industries	34.7	*34.5	33.1
Government	44.2	*44.0	40.7
Other labor income	9.5	9.4	9.1
Business and professional	32.4	32.3	30.9
Farm	13.2	13.3	12.6
Rental income of persons	12.5	12.4	12.2
Dividends	12.5	12.5	12.5
Personal interest income	19.8	19.6	19.3
Transfer payments	26.3	*25.8	23.9
Less employees' contribution for social insurance	7.8	7.7	6.7
Total nonagricultural income	347.5	345.8	332.5
RUBBER MANUFACTURERS ASSOCIATION, INC.—Month of February:			
Passenger Tires (Number of)—			
Shipments	7,433,778	8,715,742	5,832,701
Production	8,962,026	8,858,782	6,319,968
Inventory	19,435,050	17,997,577	19,819,951
Truck and Bus Tires (Number of)—			
Shipments	1,117,230	1,090,063	904,038
Production	1,307,937	1,324,927	993,784
Inventory	3,584,153	3,401,446	3,572,372
Tractor Implement Tires (Number of)—			
Shipments	370,381	343,906	310,407
Production	376,372	377,026	283,170
Inventory	965,575	953,677	760,923
Passenger Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	4,316,393	4,800,057	3,295,764
Production	4,093,794	3,805,739	3,443,870
Inventory	7,364,072	7,536,106	6,982,661
Tread Rubber (Camelback)—			
Shipments (pounds)	33,634,000	*38,118,000	30,515,000
Production (pounds)	36,000,000	*41,290,000	32,588,000
Inventory (pounds)	33,378,000	**30,816,000	26,837,000
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of March:			
Net sales			
Net purchases	$62,216,800	$22,992,650	$10,591,100
U. S. GOVT. STATUTORY DEBT LIMITATION—As of March 31 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	282,034,279	285,103,661	272,624,225
Guaranteed obligations not owned by the Treasury	118,760	112,308	103,959
Total gross public debt and guaranteed obligations	$282,153,039	$285,215,969	$272,728,185
Deduct—other outstanding public debt obligations not subject to debt limitation	420,743	422,002	434,085
Grand total outstanding	$281,732,296	$284,793,367	$272,294,099
Balance face amount of obligations, issuable under above authority	6,267,703	3,206,632	7,705,900

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Academy Life Insurance Co. (4/27)
March 31 filed 310,000 shares of common stock (par 30 cents) to be offered for subscription by common stockholders on the basis of 0.525 shares of additional stock for each share held of record April 24, 1959 (for a 20-day standby). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—405 Exchange National Bank Bldg., Denver, Colo. **Underwriters**—Boettcher & Co., Inc. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo.

Adam Consolidated Industries, Inc.
March 30 filed $1,500,000 of convertible subordinated debentures, due 1974. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—404 Fifth Ave., New York, N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—For research and development program; and for equipment and working capital. **Office** — 4130 Howard Ave., Kensington, Md. **Underwriters** — Wesley Zaugg & Co., Kensington, Md., and Williams, Widmayer Inc., Washington, D. C.

Agricultural Insurance Co.
March 23 filed 132,000 shares of capital stock (par $10), to be offered in exchange for stock of Anchor Casualty Co. at the rate of one Agricultural share for each Anchor common share (par $10) and 1 1/10 Agricultural shares for each share of Anchor $1.75 cumulative convertible preferred stock (par $10). **Office** — 215 Washington Street, Watertown, N. Y. **Underwriter**—None.

Airtek Dynamics, Inc. (4/27-5/1)
March 27 filed 150,000 shares of common stock (no par). **Price**—$8 per share. **Proceeds**—For additional working capital and for repayment of bank and other loans. **Office** — 2222 South Figueroa Street, Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

Alabama Power Co. (4/30)
April 3 filed $20,000,000 of first mortgage bonds due 1989. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a. m. (EDT) on April 30.

Alaska Juneau Gold Mining Co.
Dec. 29 filed 640,660 outstanding shares of common stock, of which 300,000 shares are to be offered currently and the remaining 340,660 shares in the future. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—6327 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif. No public offering expected.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

Allied Publishers, Inc., Portland, Ore.
Nov. 28 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—665 S. Ankeny St. Portland 14, Ore. **Underwriter**—First Pacific Investment Corp., Portland, Ore.

Alscope Explorations Ltd.
March 26 filed 1,000,000 shares of capital stock, of which 700,000 shares are to be offered publicly in the United States, and 300,000 shares in Canada. **Price**—Related to the then current market price on the Canadian Stock Exchange (31 cents per share on March 16). **Proceeds**—For properties, drilling costs, working capital and general corporate purposes. **Office** — 303 Alexandra Bldg., Edmonton, Canada. **Underwriter**—None in United States; Forget & Forget in Montreal, Canada.

American Agricultural Chemical Co. (5/4-8)
April 10 filed 216,093 shares of common stock (following three-for-one stock split expected to become effective May 5, 1959). **Price**—To be related to current market at time of offering. **Proceeds**—For capital expenditures. **Office**—100 Church Street, New York, N. Y. **Underwriter**—Hayden, Stone & Co., New York.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. **Price**—Two cents per share. **Proceeds**—To selling stockholders. **Office**—Magsaysay Building. San Luis, Ermita, Manila, Republic of Philippines. **Underwriter** — Gaberman & Hagedorn, Inc., Manila, Republic of Philippines.

● **American Biltrite Rubber Co., Inc. (4/29)**
March 31 filed 325,000 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Goldman, Sachs & Co., New York.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment. **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc., 800 Security Bldg., Denver 2, Colo.

★ **American Hospital Supply Corp.**
April 20 filed 26,610 shares of common stock (par $2) to be offered in exchange for common stock of Massillon Rubber Co. on the basis of nine shares of American common for one share of Massillon common. **Office**—2020 Ridge Avenue, Evanston, Ill. **Underwriter**—None.

American Independent Reinsurance Co. (4/24)
March 25 filed 514,500 shares of common stock, to be offered for subscription by common stockholders at the rate of 1.4 new shares for each one share held on or about April 24, 1959. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—307 S. Orange Avenue, Orlando, Fla. **Underwriters**—Francis I. du Pont & Co., Lynchburg, Va., and Goodbody & Co., New York, N. Y.

American Investors Syndicate, Inc.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For operation of an apartment hotel. **Office**—513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, Louisiana.

American M. A. R. C., Inc. (5/4-8)
April 13 filed 400,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriters**—Auchincloss, Parker & Redpath, New York; and Wilson, Johnson & Higgins, San Francisco, Calif.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds** — For investment in first trust notes, second trust notes and construction loans. Company may develop shopping menters and build or purchase office buildings. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

★ **American Oil Co., New York**
April 17 filed $16,500,000 of participations in the Employees Savings Plan of the company and its subsidiary companies, together with 336,730 shares of Standard Oil Co. (Ind.) capital stock which may be acquired pursuant to the plan.

American Telemail Service, Inc.
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc.

Amican Petroleum & Natural Gas Corp. Ltd.
March 23 filed 745,000 shares of capital stock (no par), of which 500,000 shares are to be sold for the account of the company, and 245,000 shares by the holders thereof. **Price**—30 cents per share. **Proceeds**—For exploration and development program. **Office** — 2100 Scarth Street, Regina, Saskatchewan, Canada. **Underwriter**—Cumberland Securities, Ltd., Regina, Canada.

Ampex Corp.
March 12 filed 204,191 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one new share for each 10 shares held on April 2; rights to expire on April 17. **Price**—$52.50 per share. **Proceeds**—For working capital. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Irving Lundborg & Co., San Francisco, Calif.

● **Anken Chemical & Film Corp.**
March 27 filed 225,000 shares of common stock, of which 112,500 shares are to be sold for the account of selling stockholders, and 112,500 shares for the account of the company. **Price** — To be supplied by amendment. **Proceeds**—To construct and equip plant space adjoining present facilities of the company in Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York. **Offering**—Expected today (April 23).

Arkansas Power & Light Co. (5/5)
March 26 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc., and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.; The First Boston Corp. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 5.

● **Arkansas Western Gas Co. (5/4-8)**
April 6 filed $1,000,000 of sinking fund debentures due 1984 (convertible until April 1, 1969). **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements. **Underwriters**—Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc., both of New York.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lencher, Inc., Pittsburgh, Pa.

Associated Bowling Centers, Inc.
Nov. 24 filed 300,000 shares of 20-cent cumulative convertible preferred stock (par one cent) and 50,000 outstanding shares of common stock (par one cent). The preferred shares are to be offered for public sale for the account of the company and the common shares will be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To acquire new bowling centers and increase working capital (part to be used in defraying cost of acquisition of stock of owner of a Brooklyn (N. Y.) bowling center. **Office**—135 Front St., N. Y. **Underwriter** — To be named by amendment. **Offering**—Expected in two weeks.

● **Atlantic Research Corp. (4/27-30)**
March 31 filed 110,000 shares of common stock, of which 100,000 shares are to be offered publicly and 10,000 shares to employees under company's incentive plan. **Price** — To be supplied by amendment. **Proceeds** — To reduce short-term bank loans and to provide equipment for development and production of propellant rockets. **Office**—Alexandria, Va. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Atlas Investment Co.
Feb. 3 filed 50,000 shares of common voting stock (par $10). **Price** — $25 per share. **Proceeds** — To purchase additional contribution certificates of Great Basin Insurance Co. **Office**—704 Virginia Street, Reno, Nev. **Underwriter**—None. Statement effective April 7.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements: to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office**—1301 Avenue L, Cisco, Tex. **Underwriter**—None. Robert Kamon is President.

★ **Automatic Cafeterias for Industry, Inc.**
April 17 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For expansion, equipment and working capital. **Office**—450 Westbury Ave., Carle Place, L. I., N. Y. **Underwriter**—None.

Automatic Canteen Co. of America
March 2 filed 292,426 shares of common stock, of which, the company proposes to issue 126,072 shares to A.M.I. Inc. for the latter's property and assets, and the remaining 166,354 shares are to be issued upon the exercise of stock options. **Underwriter**—None. Statement effective March 31.

★ **Avnet Electronics Corp.**
April 17 filed 175,000 shares of common stock, of which, 75,000 shares are to be offered for the account of certain selling stockholders. **Price**—$5.75 per share. **Proceeds**—To retire presently outstanding loans, and the balance will be used for working capital and other corporate purposes. **Offices**—70 State Street, Westbury, N. H., and 5877 Rodeo Road, Los Angeles, Calif. **Underwriters** — Michael G. Kietz & Co., Inc. and Amos Treat & Co., Inc., both of New York.

★ **Ballard Aircraft Corp.**
April 17 filed 300,000 shares of common stock (par $1). **Price**—$3.25 per share. **Proceeds** — To develop and manufacture aircraft embodying the body lift principle, etc. **Underwriter**—Weil & Co., Washington, D. C.

★ **Baltimore Gas & Electric Co. (5/8)**
April 17 filed $19,925,500 of convertible debentures due July 1, 1974 to be offered for subscription by common stockholders of record May 7, 1959, on the basis of $100 principal amount of debentures for each 35 shares of common stock then held; rights to expire on May 25. **Price**—To be supplied by amendment. **Proceeds**—To be used for general corporate purposes, including proposed construction expenditures, and to repay any outstanding temporary bank loans obtained for the same purposes. **Underwriter**—The First Boston Corp., New York.

Bankers Fidelity Life Insurance Co.
Feb. 28, 1958, filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Atlanta Ga **Underwriter**—None

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo.

Underwriter—Ringsby Underwriters, Inc., Denver 2, Colo.

● Bargain City, U. S. A., Inc. (4/24)
Dec. 29 filed 5,000,000 shares of common stock (no par), later reduced to 500,000 shares (par $1). Price—$9 per share. Proceeds—For expansion and acquisition or leasing of new sites. Office—2210 Walnut Street, Philadelphia, Pa. Underwriter—Bear, Stearns & Co., New York.

Basic Atomics Inc.
March 5 filed 444,246 shares of common stock (par 10 cents). Price—At prevailing market price, in the Over-the-Counter Market. Proceeds—To selling stockholders. Underwriter—None.

★ Basic Materials, Inc.
April 9 (letter of notification) 1,200,000 shares of common stock (par 10 cents). Price—25 cents per share. Proceeds—For mining expenses. Office—c/o Harold A. Roberts, President, Arroyo Hondo, Santa Fe, N. Mex. Underwriter—Hyder, Rosenthal & Co., Albuquerque, N. Mex.

★ Beecham Group Ltd. (England)
April 17 filed American Depositary Receipts for 60,000 ordinary registered shares. Depositary—Guaranty Trust Company of New York.

● Billups Western Petroleum Co. (5/15)
April 1 filed $5,000,000 of 6% participating debentures due May 1, 1984 and 1,000,000 shares of common stock to be offered in units of $10 of debentures and two shares of stock which will not be transferable separately until Nov. 14, 1959. The company is also registering 50,000 shares of common stock, not included in the units, which will be offered to its employees. Price—In the neighborhood of $22 per unit. Proceeds—To be used in acquisition of substantially all the assets of 39 corporations and a partnership engaged in the operation of 195 gasoline stations in Mississippi, Texas, Louisiana, Alabama, Missouri, and Tennessee. Underwriter—The Johnson, Lane, Space Corp., Savannah, Ga.

Biophysical Electronics, Inc. (5/1)
April 1 (letter of notification) 80,000 shares of common stock (par 10 cents). Price—$2.50 per share. Proceeds—For general corporate purposes. Office—20 East Herman St., Philadelphia 44, Pa. Underwriter—R. L. Scheinman & Co., New York.

● Boonshaft & Fucns, Inc., Huntingdon Valley, Pa.
March 20 (letter of notification) 90,000 shares of common stock (par 25 cents). Price—$2 per share. Proceeds—For expansion; to repay bank loans and for working capital. Office—994 Byberry Rd., Huntingdon Valley, Pa. Underwriter—Woodcock, Hess, Moyer & Co., Inc., Philadelphia, Pa. Offering—Expected this week.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. Price—$4 per share. Proceeds—To pay current creditors. Address — P. O. Box-506, Bridgehampton, L. I., N. Y. Underwriter — None. Offering—Has been delayed.

Britalta Petroleums, Ltd.
March 30 filed 1,150,000 shares of capital stock of which 1,000,000 shares are owned by Wilshire Oil Co. of Texas stockholders and 150,000 shares are issuable upon exercise of share purchase warrants, exercisable on or before Dec. 31, 1960 at $5 per share. Office—630 Eighth Avenue, S. W., Calgary, Canada.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. Price—At par ($500 per unit). Proceeds—For expansion and working capital. Office—901 Seneca Ave., Brooklyn 27, N. Y. Underwriter — Sano & Co., 15 William St., New York, N. Y.

● B. S. F. Co.
March 26 filed 113,079 shares of capital stock (par $1) and warrants for the purchase of an additional 113,079 shares, being offered in units, each unit consisting of one share of stock and one warrant, for subscription by stockholders of record April 21, 1959, at the rate of one unit for each three shares then held; rights to expire on May 6 (the warrants carry an initial exercise price of $20). Price—$17 per unit. Proceeds—For working capital and other corporate purposes. Underwriter—Sutro Bros. & Co., New York.

★ Buckeye Pipe Line Co.
April 17 filed $375,000 of interests in the Thrift Plan for Employees of Buckeye Pipe Line and other Buckeye corporations, together with 7,800 shares of Buckeye Pipe Line common stock which may be acquired pursuant to the plan.

★ Business Credit Co.
April 14 (letter of notification) $80,000 of 10-year 10% subordinated interest bearing promissory notes; $80,000 of five-year 9% subordinated interest bearing promissory notes and $80,000 of three-year 3½% subordinated interest bearing promissory notes to be offered in units of $1,000 each. Price—All at face amount. Proceeds—

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NEW ISSUE CALENDAR

April 24 (Friday)

American Independent Reinsurance Co. ---Common
(Offering to stockholders—underwritten by Francis I. du Pont & Co. and Goodbody & Co.) 514,500 shares

Bargain City, U. S. A. ---Common
(Bear, Stearns & Co.) $4,500,000

Penn-Texas Corp. ---Common
(Offering to stockholders—underwritten by Bear, Stearns & Co.) 1,500,000 shares

Utility Appliance Corp. ---Common
(Dempsey-Tegeler & Co.) $287,500

April 27 (Monday)

Academy Life Insurance Co. ---Common
(Offering to stockholders—underwritten by Boettcher & Co., Inc. and Bosworth, Sullivan & Co., Inc.) 310,000 shares

Airtek Dynamics, Inc. ---Common
(S. D. Fuller & Co.) 150,000 shares

Atlantic Research Corp. ---Common
(Johnston, Lemon & Co.) 110,000 shares

Chemical Milling International Corp. ---Common
(Aetna Securities Corp.) $300,000

Dalton Finance, Inc. ---Debentures
(Paul C. Kimball & Co.) $500,000

DeJur-Amsco Corp. ---Common
(H. M. Byllesby & Co., Inc.) $1,000,000

DeJur-Amsco Corp. ---Common
(H. M. Byllesby & Co., Inc.) 225,000 shares

Electro Networks, Inc. ---Common
(Charles Plohn & Co.) $270,000

Glickman Corp. ---Common
(Bache & Co.) $33,577,000

Investors Commercial Corp. ---Common
(Paul C. Kimball & Co.) 105,000 shares

Krupp Manufacturing Co. ---Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co. and Woodcock, Hess, Moyer & Co., Inc.) $125,000

Lithium Corp. of America ---Common
(Bear, Stearns & Co. and John H. Kaplan & Co.) 50,484 shares

Maine Public Service Co. ---Common
(A. G. Becker & Co. Inc.; Merrilly Lynch, Pierce, Fenner & Smith, Inc.; and Kidder, Peabody & Co.) 50,000 shares

Pittsburgh Standard Conduit Co. ---Common
(Lee Higginson Corp.) 75,000 shares

Republic Foil Inc. ---Common
(Offering to stockholders—underwritten by Laird & Co., Corp.) 70,196 shares

Servonics, Inc. ---Common
(Kidder, Peabody & Co., agent) $199,500

Southern Nevada Power Co. ---Preferred
(White, Weld & Co.) $1,500,000

April 28 (Tuesday)

Laguna Niguel Corp. ---Units
(Paine, Webber, Jackson & Curtis) $9,000,000

Moog Servocontrols, Inc. ---Common
(Kidder, Peabody & Co. and Blunt Ellis & Simmons) 130,000 shares

Public Service Co. of Colorado ---Bonds
(Bids 11 a.m. EDT) $20,000,000

Washington Gas Light Co. ---Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Johnston, Lemon & Co.) $10,000,000

April 29 (Wednesday)

American Biltrite Rubber Co., Inc. ---Common
(Goldman, Sachs & Co.) 325,000 shares

Di-Noc Chemical Arts, Inc. ---Debentures
(Offering to stockholders—underwritten by Blair & Co.) $947,200

Maine Fidelity Life Insurance Co. ---Common
(Offering to stockholders—underwritten by P. W. Brooks & Co., Inc.) 100,000 shares

Western Kentucky Gas Co. ---Common
(Equitable Securities Corp. and Almstedt Brothers) 6,000 shares

Wometco Enterprises, Inc. ---Common
(Lee Higginson Corp.) 325,000 shares

April 30 (Thursday)

Alabama Power Co. ---Bonds
(Bids 11 a.m. EDT) $20,000,000

Chadbourn Gotham, Inc. ---Debentures
(Offering to stockholders—underwritten by R. S. Dickson & Co., Inc.) $3,000,000

Permanent Filter Corp. ---Common
(William R. Staats & Co.) 140,000 shares

Puritan Chemical Corp. ---Common
(Dunne & Co.) $625,000

May 1 (Friday)

Biophysical Electronics, Inc. ---Common
(R. L. Scheinman & Co.) $200,000

May 4 (Monday)

American Agricultural Chemical Co. ---Common
(Hayden, Stone & Co.) 216,093 shares

American M. A. R. C., Inc. ---Common
(Auchincloss, Parker & Redpath and Wilson, Johnson & Higgins) 400,000 shares

Arkansas Western Gas Co. ---Debentures
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) $1,000,000

Continental Tobacco Co., Inc. ---Common
(Best Securities, Inc.) $125,000

Crown Self-Service Stores, Inc. ---Common
(Charles Plohn & Co.) $1,250,000

Reon Resistor Corp. ---Common
(Charles Plohn & Co.) $300,000

Seaboard Plywood & Lumber Corp. ---Common
(Peter Morgan & Co.) $450,000

Textron, Inc. ---Debentures
(Blair & Co., Inc.; G. H. Walker & Co. and Scherck, Richter & Co.) $30,000,000

May 5 (Tuesday)

Arkansas Power & Light Co. ---Preferred
(Bids 11:30 a.m. EDT) $7,500,000

May 6 (Wednesday)

Great Northern Ry. ---Equip. Trust Ctfs.
(Bids to be invited) $4,500,000

May 8 (Friday)

Baltimore Gas & Electric Co. ---Debentures
(Offering to stockholders—underwritten by The First Boston Corp.) $19,925,500

May 11 (Monday)

Coil Winders, Inc. ---Common
(Bertner Bros. and Earl Edden Co.) $300,000

Lytle Corp. ---Common
(Joseph Walker & Sons and Clark, Landstreet & Kirkpatrick, Inc.) $1,400,000

Magna Power Co. ---Preferred & Common
(J. Barth & Co.) $6,300,000

Miami Extruders, Inc. ---Common
(Aetna Securities Corp. and Roman & Johnson) $525,000

Pioneer Plastics Corp. ---Common
(Reynolds & Co., Inc.) 150,000 shares

Southern Nevada Power Co. ---Bonds
(Bids 9 a.m. PST) $5,500,000

Tracerlab, Inc. ---Common
(Lee Higginson Corp. and Estabrook & Co.) 100,000 shares

May 12 (Tuesday)

Central Illinois Light Co. ---Debentures
(Offering to stockholders—may be underwritten by Eastman Dillon, Union Securities & Co.) $10,038,700

El Paso Electric Co. ---Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 76,494 shares

Southwestern Electric Power Co. ---Bonds
(Bids 10:30 a.m. CDT) $16,000,000

May 13 (Wednesday)

Idaho Power Co. ---Bonds
(Bids 11 a.m. EDT) $15,000,000

May 14 (Thursday)

Marine Midland Corp. ---Common
(Offering to stockholders) 442,300 shares

Marine Midland Corp. ---Common
(Offering to stockholders—underwritten by The First Boston Corp.; Eastman Dillon, Union Securities & Co.; Hutton & Pomeroy, Inc. and Granbery, Marache & Co.) 465,000 shares

May 15 (Friday)

Billups Western Petroleum Co. ---Debentures
(The Johnson, Lane, Space Corp.) $5,000,000

Florida Power Corp. ---Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith, Inc.) 703,485 shares

May 18 (Monday)

Interstate Power Co. ---Preferred
(Kidder, Peabody & Co.) $4,000,000

Precon Electronics Corp. ---Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000

May 19 (Tuesday)

El Paso Electric Co. ---Bonds
(Bids 11 a.m. EDT) $3,500,000

El Paso Electric Co. ---Preferred
(Bids 11 a.m. EDT) $2,000,000

Gulf States Utilities Co. ---Common
(Bids to be invited) 250,000 shares

May 20 (Wednesday)

Interstate Power Co. ---Bonds
(Bids 11 a.m. EDT) $6,000,000

May 21 (Thursday)

Consolidated Natural Gas Co. ---Common
(Offering to stockholders—no underwriting) 821,256 shares

May 25 (Monday)

Florida-Southern Land Corp. ---Common
(Alkow & Co., Inc.) $4,000,000

Investment Corp. of Florida ---Common
(Aetna Securities Corp. and Roman & Johnson) $1,237,500

West Penn Power Co. ---Bonds
(Bids noon EDT) $14,000,000

May 26 (Tuesday)

Consolidated Edison Co. of New York, Inc. ---Bonds
(Bids 11 a.m. EDT) $50,000,000 to $60,000,000

May 28 (Thursday)

Southern Electric Generating Co. ---Bonds
(Bids 11 a.m. EDT) $25,000,000

May 29 (Friday)

Bank of Commerce, Washington, D. C. ---Common
(Offering to stockholders) $300,000

June 2 (Tuesday)

Public Service Electric & Gas Co. ---Debentures
(Bids to be invited) $30,000,000 to $40,000,000

Virginia Electric & Power Co. ---Common
(Bids to be received) $20,000 000 to $25,000,000

June 9 (Tuesday)

Duke Power Co. ---Preferred
(Bids to be invited) $25,000,000

June 16 (Tuesday)

United Gas Improvement Co. ---Bonds
(Bids to be invited) $10,000,000

June 23 (Tuesday)

Northern Illinois Gas Co. ---Bonds
(Bids to be invited) $20,000,000

June 25 (Thursday)

Mississippi Power Co. ---Bonds
(Bids to be invited) $5,000,000

September 10 (Thursday)

Georgia Power Co. ---Bonds
(Bids to be invited) $18,000,000

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For general business purposes and expansion. **Office**—10 N. Clark Street, Chicago 2, Ill. **Underwriter**—None.

Cemex of Arizona, Inc.
Nov. 17 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1849, 3720 E 32nd Street, Yuma, Ariz. **Underwriter**—L. A. Huey Co., Denver, Colo.

Century Brick Corp. of America
April 6 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—To be added to general funds of the company. **Office**—1020 G. Daniel Baldwin Building, 1005 State Street, Erie, Pa. **Underwriter**—Summit Securities, Inc., New York, N. Y.

● **Chadbourn Gotham, Inc.** (4/30)
March 26 filed $3,000,000 of 5.90% convertible subordinated debentures, due April 1, 1971 (with warrants to purchase 300,000 shares of common stock) to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures (with warrant for purchase of 10 shares) for each 68 common shares held as of record April 29, 1959; rights to expire on May 14, 1959. **Price**—To be supplied by amendment. **Proceeds**—To provide additional working capital to finance the company's expanding business and will currently be applied to the reduction of short-term bank loans. **Underwriter**—R. S. Dickson & Co., Inc., Charlotte, N. C., and New York, N. Y.

Chattanooga Industrial Development Corp.
March 25 filed 37,500 shares of common stock. **Price**—$20 per share. **Proceeds**—For purchase and development of industrial properties and for working capital. **Office**—Chattanooga, Tenn. **Underwriter**—None.

● **Chemical Milling International Corp.** (4/27-29)
April 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Los Angeles, Calif. **Underwriter**—Aetna Securities Corp., New York.

★ **Chlin Manufacturing Co. of Connecticut, Inc.**
April 21 filed 98,946 shares of common stock, of which 22,500 shares are to be offered for the company's account, and the remainder for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To construct plant and for general corporate purposes. **Office**—Branford, Conn. **Underwriter**—Blair & Co., Inc., New York.

★ **Clayloon Uranium Co., Inc.**
April 13 (letter of notification) 891,618 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office** — 319 Peyton Bldg., Spokane, Wash. **Underwriter**—None.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

Coastal States Life Insurance Co.
March 31 filed 74,728 shares of common stock (par $1.25). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Atlanta, Ga. **Underwriters**—The Johnson, Lane, Space Corp. Savannah, Ga.: and Walston & Co., Inc., New York.

Coil Winders, Inc. (5/11-15)
April 7 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For machinery and equipment, to retire loans and notes; for research and development; and working capital. **Business**—Manufactures components for U. S. Government and the electronic industry. **Office**—40 New York Avenue, Westbury, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., both of New York.

★ **Colorado Ice Skating Center, Inc.**
April 16 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For purchase of building, improvements, equipment and fixtures, and for working capital. **Office**—730 Majestic Bldg., Denver 2, Colo. **Underwriter**—None.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co. Salt Lake City, Utah.

★ **Continental Tobacco Co., Inc.** (5/4-8)
April 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—607-12th Avenue, Huntington, W. Va. **Underwriter**—Best Securities, Inc., New York.

★ **Courtesy Finance Corp.**
April 8 (letter of notification) 281,400 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For investment in a wholly owned subsidiary. **Office**—137 E. 4th South, Salt Lake City 11, Utah. **Underwriter**—None.

★ **Cree Mining Corp. Ltd.**
April 17 filed 260,000 shares of common stock. **Price**—80 cents per share. **Proceeds**—For exploration program. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

Crowley's Milk Co., Inc.
March 26 filed 60,000 outstanding shares of common stock (par $20). **Price**— To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—145 Conklin Ave., Binghamton, N. Y. **Underwriter**—None.

● **Crown Self-Service Stores, Inc.** (5/4-8)
April 10 filed 250,000 units, each unit consisting of one share of common stock and two common stock purchase warrants. **Price**—$5 per unit. **Proceeds**—For establishment of proposed new stores, to pay accounts payable (trade), to be applied to extinguish long- and short-term loans, and the balance to increase working capital. **Office**—363 E. 87th Street, Chicago, Ill. **Underwriter**—Charles Plohn & Co., New York.

Cryogenic Engineering Co.
Sept. 22 (letter of notification) 150,000 shares of class A common stock (par 10 cents). Price—$2 per share. Proceeds — For repayment of loan; purchase of plant and office equipment; raw materials and supplies; and for working capital, etc. Office—U. W. National Bank Bldg 1740 Broadway, Denver, Colo. Underwriter—L. A. Huey Denver, Colo.

Cycon, Inc.
March 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Mearns Bldg., 142-148 N. Washington Ave., Scranton, Pa. **Underwriter**—Sano & Co., New York, N. Y.

● **Dalton Finance, Inc.** (4/27-30)
March 9 filed $500,000 of 7% subordinated debentures, due Jan. 2, 1974, with attached warrants for the purchase of 100,000 shares of class A common stock. **Price**—At face amount (in units of $500 each). **Proceeds**—To finance making of additional loans and to reduce short-term debt. **Office**—3800-34th St., Mt. Rainier, Md. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill., on a best efforts basis.

● **D. C. Transit System, Inc.** (Del.)
March 23 filed 350,000 outstanding shares of class A common stock (par 20 cents) being offered by Trans Caribbean Airways, Inc., which owns all of this stock, to the holders of its outstanding class A stock, and holders of its outstanding 5½% convertible subordinated debentures of record April 22, on the basis of one share of class A stock for each three shares of the class A stock of Trans Caribbean which such holders either hold as stockholders or to which they are entitled upon conversion of their debentures (with an oversubscription privilege); rights to expire on May 22. Employees of Trans Caribbean and its subsidiaries will have the right to purchase up to 100,000 of the said 350,000 shares. **Price**—$10 per share. **Proceeds**—To selling stockholder. **Offices**—160 Central Park South, New York 19, N. Y., and 3600 M St., N. W., Washington, D. C. **Underwriter**—None.

DeJur-Amsco Corp. (4/27-4/30)
March 31 filed 225,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—H. M. Byllesby & Co., Inc., New York and Chicago.

DeJur-Amsco Corp. (4/27-4/30)
March 31 filed $1,000,000 of convertible subordinated debentures due 1974. **Price**—To be supplied by amendment. **Proceeds** — To retire mortgage loans and bank notes and to provide additional working capital and for general corporate purposes. **Underwriter**—H. M. Byllesby & Co., Inc., New York and Chicago.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$ per share **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa **Underwriter**—None

★ **Di-Noc Chemical Arts, Inc.** (4/29)
April 8 filed $947,200 of 5½% convertible subordinated debentures, due May 15, 1971, to be offered for subscription by common stockholders in the ratio of $100 of debentures for each 30 common shares held on April 28, 1959; rights to expire on or about May 14. **Price**—To be supplied by amendment. **Proceeds**—For plant expansion and working capital. **Underwriter**—Blair & Co. Inc., New York.

★ **DIT-MCO, Inc.**
April 15 filed 30,000 outstanding shares of common stock. **Price**—$10.50 per share. **Proceeds**—To selling stockholders. **Office**—911 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). Price—$3 per share. Proceeds—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. Underwriter — Investment Service Co., Denver, Colo., on a best efforts basis.

● **Dorsey Corp.**
March 20 filed 32,500 shares of 6% cumulative preferred stock, series A, $50 par (with warrants attached for the purchase of 65,000 common shares) and 150,000 shares of common stock (par $1). **Price**—At par for preferred; and $11 per share for common. **Proceeds**—Together with $1,000,000 of institutional borrowings and other company funds, will be applied for purchase by its subsidiary of the assets of Dorsey Trailers, Inc. and to the retirement of the latter company's notes and installment contracts, in the approximate amounts of $4,000,000 and $670,392, respectively. **Office**—100 West 10th Street, Wilmington, Del. **Underwriter**—Blair & Co., Inc., New York. **Offering**—Expected this week.

★ **Duke Power Co.**
April 15 filed 150,000 shares of common stock, to be offered pursuant to the company's Stock Purchase-Savings Plan for Employees.

Eckert Mineral Research, Inc.
March 27 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For mining and selling of ore. **Office**—110 E. Main St., Florence, Colo. **Underwriter**—Harris Securities Corp., New York, N. Y.

Eichler Homes, Inc.
March 27 (letter of notification) 30,000 shares of 60-cent cumulative convertible preferred stock (no par). **Price**—$10 per share **Proceeds** — To acquire and develop additional lands. **Office**—2001 El Camino Real, Palo Alto, Calif. **Underwriters** — J. C. Strauss & Co., and York & Co., both of San Francisco, Calif.

★ **El Paso Electric Co.** (5/19)
April 16 filed $3,500,000 of first mortgage bonds due 1989. **Proceeds**—To retire outstanding short-term notes, and for 1959 construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. and Shields & Co. (jointly) Equitable Securities Corp. and R. W. Pressprich & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on May 19 at 90 Broad Street, New York, N. Y.

★ **El Paso Electric Co.** (5/19)
April 16 filed 20,000 shares of cumulative preferred stock (no par). **Proceeds**—To retire outstanding short-term notes, and for 1959 construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith. **Bids**—To be received up to 11 a.m. (EDT) on May 19 at 90 Broad Street, New York, N. Y.

★ **El Paso Electric Co.** (5/12)
April 16 filed 76,494 shares of common stock (par $5) to be offered to common stockholders of record May 11, 1959, on the basis of one new share for each 25 shares of common stock then held (with an oversubscription privilege); rights to expire on May 26. **Price** — To be supplied by amendment. **Proceeds**—To retire outstanding short-term notes, and for 1959 construction program. **Dealer-Manager** — Stone & Webster Securities Corp., New York.

Electric City Supply Co.
April 6 (letter of notification) 300,000 shares of class A common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For inventory, equipment, working capital, etc. **Office**—901 S. Lake Street, Farmington, N. Mex. **Underwriter**—Investment Service Co., Denver, Colo.

● **Electro Networks, Inc.** (4/27-30)
April 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2.70 per share. **Proceeds** — To purchase test equipment, and for general working capital. **Office**—1920 Park St., Syracuse, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y.

Emerite Corp.
Jan. 19 (letter of notification) 250,000 shares of series 3 common stock (no par) to be offered for subscription by stockholders on the basis of one share of series 3 stock for each three shares of series 1 and/or series 2 common stock held; unsubscribed shares to other stockholders. Rights expire 30 days from offering date. **Price**—$1 per share. **Proceeds**—For working capital. **Office**—333 S Farish Street, Jackson, Miss. **Underwriter**—None.

★ **Empire Millwork Corp., Corona, N. Y.**
April 17 filed 95,000 outstanding shares of common stock. **Price** — $10.25 per share. **Proceeds** — To selling stockholders. **Underwriter**—None.

★ **Equity Annuity Life Insurance Co.**
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

Eurofund, Inc.
Feb. 26 filed 2,500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Office**—14 Wall St., New York. **Underwriter**—Glore, Forgan & Co., New York. **Offering**—Temporarily postponed.

Federated Corp. of Delaware
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company; $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. Office—1 South Main Street, Port Chester, N. Y. Underwriter—None.

Federated Finance Co.
Nov. 17 (letter of notification) $300,000 of 10-year 6% senior subordinated debentures. Price—At par (in denominations of $1,000 each). Proceeds — For working capital, to make loans, etc. Office—2104 "O" St., Lin-

coln, Neb. **Underwriters** — J. Cliff Rahel & Co. and Eugene C. Dinsmore, Omaha, Neb.

● Fed-Mart Corp.
March 16 filed 170,700 shares of common stock. **Price**—$11 per share. **Proceeds**—For acquisition of land, buildings and fixtures for two new stores; for expansion of operations of Reid Oil Co., a subsidiary; to reduce debt; and for working capital. **Office**—8001 Athello St., San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Offering**—Expected this week.

Finance For Industry, Inc.
Dec. 16 filed 200,000 shares of class A common stock. Price—At par ($1.50 per share). Proceeds—For working capital. Office—508 Ainsley Bldg., Miami, Fla. Underwriter — R. F. Campeau Co., Penobscot Bldg., Detroit, Mich.

Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and 40,000 shares of common stock, to be offered in units of $100 principal amount of debentures and one share of common stock. Price — $110 per unit. Proceeds—For purchase and development of subdivision land, including shopping site; for new equipment and project site facilities; for financing expansion program; and for liquidation of bank loans and other corporate purposes. Office—700 43rd St., South, St. Petersburg, Fla. Underwriter—None.

★ Florida Power Corp. (5/15)
April 16 filed 703,485 shares of common stock (par $2.50) to be offered for subscription by common stockholders of record May 14, 1959, on the basis of one new share for each 12 shares of common stock then held (with an oversubscription privilege); rights to expire on June 3, 1959. **Price**—To be supplied by amendment. **Proceeds**—To pay off $7,000,000 of temporary bank loans, which were incurred to meet construction expenditures, and the balance will be applied to the 1959 construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York.

Florida-Southern Land Corp. (5/25)
April 13 filed 2,000,000 shares of common stock. **Price**—$2 per share. **Proceeds** — For construction of motel units and other facilities. **Office** — Tom's Harbor, Fla. **Underwriter**—Alkow & Co., Inc., New York.

Florida Steel Corp.
March 31 filed $2,135,700 of convertible subordinated debentures due May 1, 1971, to be offered for subscription by common stockholders at the rate of $100 of debentures for each 50 shares of stock held on April 17; rights to expire on or about May 6. **Price**—To be supplied by amendment. **Proceeds**—To retire existing long-term bank loans, and for additional working capital. **Underwriters**—McDonald & Co., Cleveland, Ohio; and Kidder, Peabody & Co., New York. **Offering**—Expected today (April 23).

Fluorspar Corp. of America
Feb. 5 (letter of notification—as amended) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter**—Evergreen Securities, Inc., 4314 N. E. 96th Ave., Portland, Ore.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds**—To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None. Statement effective April 2.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1) Proceeds—To the Attorney General of the United States Underwriter—To be determined by competitive bidding Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). Bids—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Builders Corp., New York
Feb. 26 filed $2,131,000 of 6% subordinated debentures, due April 30, 1963, with detachable warrants to purchase 213,100 shares of common stock (each $100 debenture will be accompanied by a warrant for the purchase for cash of 10 common shares at $3 per share at any time beginning Oct. 30, 1959 to and including April 30, 1969). The company is offering holders of its outstanding common stock and its outstanding cumulative preferred stock of record April 8, 1959, the right to subscribe to a total of $1,631,000 of the debentures with warrants. The remaining $500,000 of debentures with warrants are being sold to a group of purchasers (who are also stockholders of the company) who have agreed also to purchase certain additional amounts of debentures with warrants if subscription rights are not exercised in at least the amount of $500,000. Subscription warrants will expire on May 11, 1959. **Price** — $100 per unit. **Proceeds** — To repay promissory notes, and the balance, if any, will be added to working capital, to be used in part to reimburse the company's treasury for payments made upon the acquisition of land and as working capital for such building projects as the company may undertake. **Office**—2413 Third Ave., New York, N. Y. **Underwriter**—None. Statement effective April 2.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

★ General Tire & Rubber Co.
April 21 filed 189,143 shares of common stock, representing shares which could be purchased at April 15, 1959, upon the exercise of all options previously granted to the extent not previously exercised, and upon the exercise of any options that may hereafter be granted for shares now available for option, under the company's Employees' Stock Option Plan.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). **Price** — $1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff, Ark.

General Waterworks Corp.
March 31 filed 16,131 shares of $5 voting preferred stock (par $100) and 66,131 shares of 80-cent dividend voting second preferred stock (convertible—par $1). The company proposes to offer one share of the 80-cent dividend second preferred stock for each share of New Rochelle Water Co. and one share of its $5 preferred and one share of the 80-cent dividend second preferred for each share of New Rochelle $3.50 preferred (including accumulated unpaid dividends from November, 1950). The offer is conditioned upon acceptance by holders of 80% of New Rochelle stock. **Office**—3219 Philadelphia Pike, Claymont, Del.

Genisco, Inc., Los Angeles, Calif.
April 6 (letter of notification) 3,400 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif.

★ Georgia-Carolina Investment Corp.
April 17 (letter of notification) 150,000 shares of class A common stock (par $1) and 100 shares of class C common stock (par $1). **Price**—$1.10 per share. **Proceeds**—For investment. **Office**—Suite 611, Marion Bldg., Augusta, Ga. **Underwriter**—None.

Glickman Corp. (4/27-30)
March 13 filed 3,357,700 shares of common stock. **Price**—$10 per share. **Proceeds** — For properties, furniture, fixture and leasehold improvements and other expenses. **Office**—565 Fifth Ave., New York, N. Y. **Underwriter**—Bache & Co., New York, N. Y.

Glide Control Corp.
April 10 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For manufacture, marketing and distributing of automatic throttle control devices for motor vehicles. **Office**—1608 Centinela Blvd., Inglewood, Calif. **Underwriter**—Reilly, Hoffman & Co., Inc., New York.

Godfrey Co., Milwaukee, Wis.
March 23 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To provide inventory and working capital for four new supermarkets in the amount of some $309,400, and to provide fixtures and equipment with respect thereto in the amount of $635,000; some $30,000 will be used to provide equipment and improvements for Crestwood Bakery, a subsidiary; and the balance will be used for investments in controlling stock in retailer-franchised Sentry Markets and in interim investments in sites and developments prior to resale. **Office**—4160 North Port Washington Rd., Milwaukee, Wis. **Underwriter** — Taylor, Rogers & Tracy, Inc., Chicago, Ill.

★ Government Employees Corp.
April 7 (letter of notification) an estimated 500 shares of common stock (par $5). **Price**—At the market. **Proceeds**—For the benefit of fractional shareholders resulting in stock dividend (4%) declared March 25, 1959. **Office**—1021 14th St., N. W., Washington, D. C. **Underwriter**—None.

Government Employees Variable Annuity Life Insurance Co.
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held (as of Dec. 31, 1958 there were 143,703 shares of stock outstanding and $589,640 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,733 common shares would be outstanding. **Price**—$3 per share. **Proceeds**—For capital and surplus. **Office**—Government Employees Insurance Bldg., Washington, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass. **Offering**—Indefinitely postponed.

Great American Realty Corp.
March 30 filed 900,000 shares of class A stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—15 William Street, New York. **Underwriter**—To be supplied by amendment.

Gridoil Freehold Leases Ltd.
Feb. 5 filed 563,600 shares of common stock to be offered in exchange for $2,818,000 of 5½% convertible sinking fund redeemable notes, series A, due July 1, 1976, on the basis of 200 shares for each $1,000 note. **Office**—330 Ninth Avenue, West, Calgary, Canada.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1325 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C.

★ Gulf States Utilities Co. (5/19)
April 17 filed 250,000 shares of common stock (no par). **Proceeds**—To be used for the repayment of short-term notes, and the balance to carry forward the company's construction program and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc. and Lehman Brothers (jointly); The First Boston Corp.; Carl M. Loeb, Rhoades & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on May 19.

★ Halex, Inc.
April 2 (letter of notification) $70,000 of four-year 5% debentures, 2,300 shares of 4% preferred stock (par $10) and 10,000 shares of common stock (par $1). **Price**—Of debentures, at face amount (in denominations of $100); of stock, both at par. **Proceeds**—For fixed assets and working capital. **Office**—310 E. Imperial Highway, El Segundo, Calif. **Underwriter**—None.

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of non-voting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box-348, Albany, N. Y. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). Price—$5 per share. Proceeds—For payment of past due accounts and loans and general working capital. Office — 35-10 Astoria Blvd., L. I. C. 3, N. Y. Underwriter—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par 25 cents). **Price**—At prices generally prevailing on the American Stock Exchange. **Proceeds** — To selling stockholders. **Office** — 250 Park Avenue, N. Y. **Underwriter**—None.

Hoffman Motors Corp.
March 9 filed 260,000 shares of common stock (par $1), of which 250,000 shares are to be publicly offered and 10,000 shares to officers and employees. **Price**—$10 per shares to public; $9 to employees. **Proceeds**—To selling stockholder. **Underwriter** — For public offering: Van Alstyne, Noel & Co., New York. **Offering**—Postponed indefinitely.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

★ Hupp Corp.
April 20 filed 468,000 shares of common stock, to be offered to employees of the company and its subsidiaries who hold options to purchase Hupp stock granted under the company's Incentive Stock Option Plan.

Idaho Power Co. (5/13)
April 1 filed $15,000,000 of first mortgage bonds due 1989. **Proceeds**—To be used for partial payment of short-term bank loans made for construction of new operating facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co. and The First Boston Corp. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 13.

Idaho Power Co.
April 1 filed 150,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To be used for partial payment of short-term bank loans made for construction of new operating facilities. **Underwriters**—May be Blyth & Co., Inc., Lazard Freres & Co., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith, Inc., all of New York.

Imperial Growth Fund, Inc.
March 2 filed 600,000 shares of common stock. **Price**—At market. **Proceeds** — For investment. **Office** — 60 Marquette Ave., Minneapolis, Minn. **Underwriter** — Minneapolis Associates, Inc., Minneapolis, Minn.

Indiana Steel Products Co.
Feb. 26 filed 42,193 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one share for each seven shares held as of April 1, 1959; rights to expire on April 17, 1959. **Price**—$37 per share. **Proceeds**—For construction, machinery and equipment, and to provide additional funds for working capital and other corporate purposes. **Office**—405 Elm St., Valparaiso, Ind. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

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Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co., both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

★ **Information Systems, Inc., Skokie, Ill.**
April 21 filed 170,000 shares of common stock to be offered for subscription by common stockholders of Panellit, Inc., at rate of one new share for each three Panellit common shares held of record May 15, 1959. **Price**—$3.50 per share. **Proceeds**—To pay notes, for research and development costs; and working capital. **Underwriter**—None.

★ **Integrity Finance Corp.**
April 9 (letter of notification) 50 shares of class A common stock and 9,000 shares of class B common stock. **Price**—Of class A, $150 per share; of class B, $15 per share. **Proceeds** — For working capital. **Office** — 1807 W. Fourth Street, Wilmington 5, Del. **Underwriter**—None.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price** —100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

★ **International Railroads Weighing Corp.**
April 16 (letter of notification) 82,626 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—$3 per share. **Proceeds** — For research and development costs and working capital. **Office**—415 Spruce St., Hammond, Ind. **Underwriter**—None.

International Tuna Corp. (4/20-24)
April 3 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office** —Pascagoula, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

Interstate Power Co. (5/20)
April 7 filed $6,000,000 of first mortgage bonds due 1989. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co. and Lehman Brothers (jointly); White, Weld & Co. **Bids** — Expected to be received up to 11 a.m. (EDT) on May 20.

Interstate Power Co. (5/18-19)
April 7 filed 80,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

● **Investment Corp. of Florida (5/25-29)**
April 13 filed 275,000 shares of common stock. **Price**—$4.50 per share. **Proceeds**—For acquisition and development of land in Florida. **Office** — 1750 East Sunrise Boulevard, Fort Lauderdale, Fla. **Underwriters**—Aetna Securities Corp., New York; and Roman & Johnson, Fort Lauderdale, Fla.

● **Investors Commercial Corp. (4/27-30)**
April 6 filed 105,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 180 W. Randolph St., Chicago, Ill. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Investors Funding Corp. of New York
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price** —At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

Keystone Custodian Funds, Inc.
March 27 filed 90,600 shares of class A common stock, of which 37,600 shares are to be offered from time to time by the Fund, pursuant to the terms of its Employees Stock Option Plan, and the remaining 53,000 shares will be sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds** —To selling stockholder. **Underwriter**—Clark, Dodge & Co., New York.

Kratter Corp., New York
March 16 filed 2,719,950 shares of class A stock and 300,000 shares of class B stock, of which a maximum of 2,457,450 shares of class A stock are to be offered in exchange for units in certain limited partnerships. Company sold on March 14 a total of 250,000 class A shares at $10 per share, and on March 4 a total of 300,000 class B shares at $1 per share to certain persons; the remaining 12,500 class A shares are to be issued to Cinaba, Ltd. **Office**—521 Fifth Avenue, New York, N. Y. **Underwriter**—None.

★ **Krupp Manufacturing Co. (4/27-5/1)**
April 3 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To selling stockholders. **Office** — 4th & Mill Streets, Quakertown, Pa. **Underwriters**—Hallowell, Sulzberger, Jenks, Kirkland & Co. and Woodcock, Hess, Moyer & Co., Inc., both of Philadelphia, Pa.

● **Laguna Niguel Corp. (4/28)**
April 1 filed 900,000 shares of class A stock (no par) and 900,000 shares of class B stock (no par) to be offered in units, each consisting of one class A and one class B share. **Price**—$10 per unit. **Proceeds**—To make payments in connection with acquisition of certain properties, to repay bank loans, for working capital and other corporate purposes. **Office**—621 South Spring St., Los Angeles, Calif. **Underwriter**—Paine, Webber, Jackson & Curtis, New York and Los Angeles.

Laure Exploration Co., Inc., Arnett, Okla.
Dec. 23 filed 400,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For machinery and equipment and exploration purposes. **Underwriter**—None.

Lefcourt Realty Corp.
Jan. 29 filed 3,492,000 shares of common stock, of which 2,622,000 shares were issued in exchange for all of the common stock of Desser & Garfield, Inc., and D. G & R., Inc.; 750,000 shares will be used for the exercise of an option by the company to purchase from Big Mound Trail Corp. some 3,784.9 acres of land on or before May 1, 1959; and the remaining 120,000 shares are to be sold for the account of a selling stockholder. **Underwriter**—None.

● **Lithium Corp. of America (4/27-29)**
March 31 filed 50,484 shares of common stock, of which 18,984 shares were sold to the underwriters in February, 1959. **Price**—At prevailing market price on the American Stock Exchange at time of offering. **Proceeds** — For working capital. **Office** — Minneapolis, Minn. **Underwriters**—Bear, Stearns & Co. and John H. Kaplan & Co.

★ **Lockheed Aircraft Corp.**
April 20 filed 342,600 shares of capital stock, which may be purchased pursuant to the company's Employee Stock Purchase Plan.

Lorain Telephone Co.
Feb. 11 (letter of notification) 1,562 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for approximately each 75.1729 shares held at the close of business on March 17, 1959; rights to expire on May 15, 1959. **Price** —$32 per share. **Proceeds**—To reimburse the treasury **Office**—203 W. Ninth St., Lorain, Ohio. **Underwriter**—None.

Loral Electronics Corp.
April 1 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To increase inventories and for general corporate purposes. **Office**—825 Bronx River Ave., New York, N. Y. **Underwriters**—Kidder, Peabody & Co. and Model, Roland & Stone, both of New York.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa **Underwriter**—None.

★ **Lytle Corp. (5/11-15)**
April 16 filed 100,000 shares of common stock. **Price**—At a maximum price of $14 per share. **Proceeds**—To retire bank loans and for general working capital. **Underwriters**—Joseph Walker & Sons, New York; and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Magma Power Co. (5/11-15)
April 3 filed 100,000 shares of 6% convertible preferred stock (par $10) and 500,000 shares of common stock (par 10 cents) to be offered in units consisting of one preferred share and five common shares. **Price**—$63 per unit. **Proceeds**—For drilling and exploration program; and for working capital, and general corporate purposes. **Office**—Virginia & Truckee Bldg., Carson City, Nev. **Underwriter**—J. Barth & Co., San Francisco, Calif.

● **Maine Fidelity Life Insurance Co. (4/29)**
March 30 filed 100,000 shares of capital stock (par $1.50) to be offered for subscription by holders of outstanding stock at the rate of one new share for each two shares held on April 22, 1959; rights expire on or about May 19. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—83 Exchange Street, Portland, Maine. **Underwriter** — P. W. Brooks & Co., Inc., New York.

★ **Marine Midland Corp. (5/14)**
April 17 filed a maximum of 465,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record May 12, 1959, on the basis of one new share for each 20 shares then held, rights to expire on June 1. **Proceeds**—It is anticipated that $9,000,000 will be used to pay an outstanding bank loan due Sept. 30, 1962, and any balance will be used for general corporate purposes. **Underwriters**—The First Boston Corp. and Eastman Dillon, Union Securities & Co., both of New York; Schoellkopf, Hutton & Pomeroy, Inc., Buffalo, N. Y.; and Granbery, Marache & Co., New York.

Mary Carter Paint Co.
March 30 (letter of notification) 37,500 shares of common stock (par $1) of which 25,000 shares are being offered by the company, out of authorized but unissued stock, and 12,500 shares are being offered by John F. Crosby, Spring Lake, N. J. **Price**—$8 per share. **Proceeds** —For payment of outstanding loans and working capital, and to selling stockholder. **Office**—Gunn Highway at Henderson Rd., Tampa 7, Fla. **Underwriter**—W. W. Schroeder & Co., New York 5, N. Y.

★ **Mayfair Markets**
April 13 (letter of notification) 5,000 shares of preferred stock (par $50) and 5,000 shares of common stock (par 1) to be offered in units consisting of one share of preferred and one share common. **Price**—$60 per unit. **Proceeds**—To liquidate obligations. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Mergenthaler Linotype Co., Brooklyn, N. Y.
March 17 filed 116,541 shares of capital stock, being offered for subscription by stockholders at the rate of one new share for each four shares held of record April 6, 1959; rights to expire on April 24 (with an oversubscription privilege). An additional 29,900 shares are being or will be offered pursuant to the company's Employees Stock Option Plan. **Price**—$45 per share. **Proceeds**—To be added to the general funds of the company and be used for corporate purposes. **Underwriter**—None.

★ **Miami Extruders, Inc. (5/11-15)**
April 17 filed 175,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To be used for the purchase of equipment, for increased inventories, and for the retirement of bank loans. **Office**—7575 N. W. 37th Avenue Miami, Fla. **Underwriters**—Aetna Securities Corp., New York; and Roman & Johnson, Fort Lauderdale, Fla.

Midwest Technical Development Corp.
March 17 filed 500,000 shares of common stock (par $1). **Price**—$3.75 per share. **Proceeds**—For investment purposes. **Office**—1404 Northwestern Bank Bldg., Minneapolis, Minn. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

★ **Missouri Utilities Co.**
April 14 (letter of notification) 10,154 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one share for each 31 shares held. **Price**—To be supplied by amendment. **Proceeds** —For general funds of the company. **Office**—400 Broadway, Cape Girardeau, Mo. **Underwriter** — Edward D. Jones & Co., St. Louis, Mo.

★ **Molybdenum Corp. of America**
April 15 filed 97,364 shares of common stock, reserved for issuance upon exercise of outstanding Restricted Stock Options which were issued to key personnel pursuant to an Executive Employees' Stock Option Plan.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers**—Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc. **Offering**—Indefinitely postponed.

● **Moog Servocontrols, Inc. (4/28)**
March 30 filed 130,000 shares of common stock, of which 70,000 shares are being sold by certain selling stockholders and 60,000 shares by company (10,000 shares to employees and 50,000 shares to public). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—East Aurora (Buffalo), N. Y. **Underwriters** —Kidder, Peabody & Co., New York; and Blunt Ellis & Simmons, Chicago, Ill.

Mortgage Corp. of America
April 10 filed $1,000,000 of 4⅝% collateral trust notes, due May 1, 1969-79. **Price**—100% of principal amount. **Proceeds**—For repayment of loan. **Office**—100 St. Paul Street, Baltimore, Md. **Underwriter**—None.

● **National Gypsum Co.**
April 6 filed 1,014,300 shares of common stock, to be offered in exchange for all but not less than 98% of the outstanding common shares of Huron Portland Cement Co. in the ratio of 7/10 of a share of National stock for each share of Huron stock. Offer will expire on May 19.

National Life & Casualty Insurance Co.
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds**—To increase capital and surplus. **Office** — 2300 North Central Ave., Phoenix, Ariz. **Underwriter**—None.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

● **Nedow Oil Tool Co.**
May 5 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To acquire fishing tools for leasing; and for working capital. **Address**—P. O. Box 672, Odessa, Texas. **Underwriters**—To be designated.

New York Shipbuilding Corp.
March 3 filed 621,353 shares of common stock. **Price**—To be supplied by amendment. To be offered from time to time either on the New York Stock Exchange at price prevailing at time of sale or by public or private sale at related prices. **Proceeds** — To Merritt - Chapman & Scott Corp., the selling stockholder. **Underwriter**—None. Statement effective March 26.

New York Shipbuilding Corp.
March 20 filed 83,334 shares of common stock, to be offered in exchange for common stock of Higgins, Inc., at the rate of one share of New York Shipbuilding common for each 24 shares of Higgins common.

★ **Northwest Natural Gas Co.**
April 17 (letter of notification) an estimated 19,495 shares of common stock (par $9.50) to be offered to employees through a stock purchase plan. **Price**—At 92% of published bid price quoted first day of each month by Portland, Ore., NASD, but not less than the par value of the stock. **Proceeds**—For capital expenditures. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriter**—None.

★ **Norwich Pharmacal Co.**
April 20 filed 70,000 shares of common stock, being the number of shares as to which options recently have been granted or may be granted under the Key Employees' Stock Option Plan of the company.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

Office Buildings of America, Inc.
April 6 filed 91,809 shares of class A stock (par $1) and 10,201 shares of class B common stock (par $1) to be offered in units of nine class A shares and one class B share. **Price**—$100 per unit. **Proceeds**—To be available for investment in real estate syndicates and other real estate. **Office**—9 Clinton St., Newark, N. J. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** — Assets Investment Co., Inc., New Orleans, La.

● **O. K. Rubber Welders, Inc.**
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965 $692,000 of 6% debentures maturing on or before Dec. 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965. The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None. Statement effective April 13.

Oppenheimer Fund, Inc.
Dec. 5 filed 100,000 shares of capital stock. **Price**—At market (about $10 per share). **Proceeds**—For investment. **Office**—25 Broad St., New York. **Underwriter**—Oppenheimer & Co., New York.

Ozark Air Lines, Inc.
March 24 (letter of notification) 59,825 shares of general common stock (par $1) to be offered for subscription by holders of class A and class B common stock and/or class B common stock evidenced by a voting trust certificate, one share of general common stock for each 20 shares of cl. A and cl. B common stock held. **Price**—$4.25 per share to stockholders: $4.75 to public. **Proceeds**—To purchase additional flight and ground equipment and for working capital. **Address**—P. O. Box 6007, Lambert Field, St. Louis 21, Mo. **Underwriter**—None, but Newhard, Cook and Co. and Yates, Heitner & Woods, both of St. Louis, Mo., offered to purchase the unsubscribed shares.

Paddock of California
March 30 filed 51,847 outstanding shares of common stock (par $1) to be offered "only to stockholders and directors of The Refinite Corp. and will not be offered to the general public." **Price**—$3 per share. **Proceeds**—To selling stockholders, The Refinite Corp. **Office**—8400 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—None.

● **Paramount Mutual Fund, Inc.**
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills, Calif. **Underwriter**—Paramount Mutual Fund Management Co. Statement effective April 14.

● **Pearson Corp. (4/30)**
March 30 (letter of notification) 175,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To repay short-term loan and for working capital. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1 **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif

● **Penn-Texas Corp., New York City (4/24)**
March 31 filed 1,500,000 shares of common stock to be offered for subscription by common stockholders at rate of one new share for each four shares held as of record April 24, 1959; rights to expire on May 8, 1959. **Price**—To be supplied by amendment. **Proceeds** — To purchase additional stock of Fairbanks, Morse & Co. and for repayment of loans. **Underwriter** — Bear, Stearns & Co., New York.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1989. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co. Equitable Securities Corp., and Shields & Co. (jointly) Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions. SEC on Feb. 25, 1959 extended to June 16, 1959 period within which company may consummate financing.

Perfecting Service Co.
Feb. 26 (letter of notification) 28,250 shares of common stock to be offered for subscription by stockholders on a pro rata basis. Rights expire in 15 days. **Price**—At par ($10 per share). **Proceeds**—For accounts receivable and inventories. **Office**—332 Atando Ave., Charlotte, N. C. **Underwriter**—None.

Permachem Corp., New York
March 31 filed 2,041,331 shares of class A common stock (par 10 cents) and 1,917 shares of class B common stock (par 10 cents). This covers the transfer of certain shares pursuant to option agreements. **Price** — At over-the-counter market prices. **Underwriter**—None.

Permanent Filter Corp. (4/30)
April 7 filed 140,000 shares of common stock, of which 120,000 shares are to be offered for account of the company and 20,000 shares for account of selling stockholder. **Price**—To be supplied by amendment. **Proceeds** — For land and buildings and working capital. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Philippine Oil Development Co., Inc.
April 10 filed 221,883,614 shares of capital stock, to be offered for subscription by holders of outstanding stock at the rate of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Soriano Building, Plaza Cervantes, Manila (P. I.). **Underwriter**—None.

★ **Phillips-Van Heusen Corp.**
April 21 filed 69,210 shares of common stock, to be offered in exchange for common stock of Kennedy's, Inc., in the ratio of 1½ shares of Phillips-Van Heusen stock for one share of Kennedy's stock.

● **Pioneer Plastics Corp., Sanford, Me. (5/11-15)**
April 15 filed 150,000 shares of common stock (par $1) (of which 8,000 shares are to be offered to employees). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Business** — Producer of decorative laminated plastics. **Underwriter**—Reynolds & Co., Inc., New York.

Pittsburgh Standard Conduit Co. (4/27-5/1)
April 9 filed 75,000 shares of capital stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To repay sort-term bank loans, for working capital and other corporate purposes. **Underwriter**—Lee Higginson Corp., New York.

● **Precon Electronics Corp. (5/18-25)**
April 6 filed 175,000 shares of common stock (par 75 cents). **Price** — $5 per share. **Proceeds** — For working capital; to reimburse the predecessor for certain development expenses; for inventories and work in process; and other general corporate purposes. **Office**—120 E. 41st St., New York, N. Y. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York, N. Y.

★ **President Brand Gold Mining Co. Ltd. (Union of South Africa)**
April 17 filed American depositary receipts for 50,000 ordinary registered shares. **Depositary**—Guaranty Trust Co. of New York.

★ **Pressed Metals of America, Inc.**
April 17 filed 90,000 outstanding shares of common stock. **Price** — Related to the current market price on the American Stock Exchange. **Proceeds**—To selling stockholders. **Office**—Port Huron, Mich. **Underwriter**—None.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

Prudential Enterprises, Inc.
Jan. 15 (letter of notification) 200,000 shares of common stock (par one cent) of which 170,000 shares are to be sold by the company and 30,000 shares by a selling stockholder. **Price** — $1.50 per share. **Proceeds** — For general expansion and working capital. **Office**—1108 16th Street, N.W., Washington 6, D. C. **Underwriter**—John C. Kahn Co., Washington, D. C.

Public Service Co. of Colorado (4/28)
March 26 filed $20,000,000 of first mortgage bonds due 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Harriman Ripley & Co. Inc., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Dean Witter & Co. (jointly); Lehman Brothers, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on April 28 at office of Guaranty Trust Co. of New York.

Purepac Corp., New York
March 31 filed 260,000 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—To repay loans and for general corporate purposes. **Business**—Manufacturers and packager of proprietary drug items. **Underwriter** — Richard Bruce & Co. Inc., 26 Broadway, New York 4, N. Y. **Offering**—Expected end of May.

Puritan Chemical Corp. (4/30)
March 30 filed 500,000 shares of capital stock (par 10 cents. **Price**—$1.25 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—2 South Broadway, Lawrence, Mass. **Underwriter**—Dunne & Co., New York.

Raindor Gold Mines, Ltd.
Jan. 28 (letter of notification) 290,000 shares of common stock (par $1). **Price**—$1 per share. **Proceeds**—To prove up ore and for road and camp construction. **Office**—At Suite 322, 200 Bay St., Toronto, Ont., Canada, and c/o T. Arnold, Wilson Circle, Rumson, N. J. **Underwriter**—Sano & Co., New York, N. Y.

Rapid-American Corp., New York
April 13 filed $7,209,640 of convertible subordinated debentures due April 30, 1964, to be offered for subscription by common stockholders in the ratio of $100 of debentures for each 10 common shares held. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the repurchase and retirement of the company's 5¾% convertible subordinated debentures presently outstanding, in full, at par plus accrued interest to the date of payment, and the balance for general corporate purposes. **Underwriter**—None.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York on a "best efforts" basis.

Reiter-Foster Oil Corp.
March 30 filed $1,500,000 of 6% convertible debentures due 1969, to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 300 common shares held. **Price**—To be supplied by amendment. **Proceeds**—To pay debt and for development of present properties and acquisition and development of additional oil and gas properties. **Underwriter**—Emanuel Deetjen & Co., New York.

● **Reon Resistor Corp. (5/4-8)**
April 2 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To purchase new equipment; for payment of chattel mortgage and loans and for general working capital. **Office**—117 Stanley Ave., Yonkers, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y.

Republic Foil Inc. (4/27)
March 26 filed 70,196 shares of common stock, to be offered for subscription by holders of outstanding shares upon the basis of one new share for each three shares held on or about April 27, 1959; rights to expire on or about May 11. **Price** — To be supplied by amendment. **Proceeds**—For property and equipment, to retire bank loans, and for working capital. **Office**—55 Triangle St., Danbury, Conn. **Underwriter**—Laird & Co., Corp., Wilmington, Del.

Research Investing Fund of America, Inc.
Feb. 24 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment **Office**—Englewood, N. J. **Underwriter**—First Mutual Securities of America, Inc.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1). Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — P a c i f i c Securities Ltd., Vancouver, Canada.

● **Roanoke Gas Co.**
March 19 (letter of notification) 17,732 shares of common stock (par $5) being offered for subscription by common stockholders on the basis of one share for each seven shares held as of record April 6 (with an oversubscription privilege); rights to expire on May 15, 1959. **Price**—$16.75 per share. **Proceeds**—To repay short-term bank loan and for installation and construction of additional mains for the purpose of extending distribution facilities. **Office** — 123 Church Avenue, Roanoke, Va. **Underwriter**—None.

Routh Robbins Investment Corp.
Jan. 29 filed 475,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For investments and working capital. **Business** — Real estate investments. **Office** — Alexandria, Va. **Underwriter**—None.

★ **Rowland Products, Inc., Kensington, Conn.**
April 17 (letter of notification) 11,538 shares of common stock (par $12.50) to be offered for subscription by common stockholders at rate of one new share for each 6¼ shares held of record April 24, 1959. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—Cooley & Co.; Putnam & Co.; and Eddy & Co.

St. Regis Paper Co.
March 27 filed 58,000 shares of common stock (par $5) to be offered in exchange for outstanding common stock of Cupples-Hesse Corp. on the basis of .644 of a share of St. Regis common for each share of Cupples common. St. Regis will declare the exchange offer effective if 100% of the outstanding shares of Cupples stock is deposited in exchange, and may elect to do so if a lesser percent, but not less than 80%, is deposited.

Santa's Village, Skyforest, Calif.
March 27 filed $800,000 of 6% convertible subordinated sinking fund debentures due 1974. **Price**—At 100% of principal amount. **Proceeds** — For completion of East Dundee Village (a new amusement park near Chicago); and for working capital and other corporate purposes. **Underwriter**—None.

Schjeldahl (G. T.) Co.
March 23 filed 42,500 shares of common stock, which are to be offered and sold first to present stockholders at the rate of one new share for each eight shares held on April 1, 1959. **Price**—$10 per share. **Proceeds**—For increased plant facilities, for purchase of equipment, working capital and other corporate purposes. **Office**—202 South Division St., Northfield, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Seaboard Plywood & Lumber Corp. (5/4-8)
March 27 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For expansion of present product lines and acquisition of new related lines. **Office**—

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17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

★ Securities Fund, Inc., Englewood, N. J.
April 20 filed a maximum of $2,400,000 of plans for the accumulation of shares of capital stock of the fund.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). **Price**—$18.75 per share. **Proceeds**—To go to a selling stockholder. **Office**—400 W. Vickery Blvd., Fort Worth, Tex. **Underwriter**—Kay & Co., Inc., Houston, Tex.

● Servonics, Inc. (4/27-30)
March 25 (letter of notification) 133,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office**—822 N. Henry St., Alexandria, Va. **Agent**—Kidder, Peabody & Co., New York.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office** — 1033-30th St., N. W., Washington 7, D. C. **Investment Advisor**—Investment Fund Management Corp. **Former Name**—Shares in America, Inc.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. **Price**—At par. **Proceeds**—For working capital. **Office** — 3172 North Sheridan Rd., Chicago 14, Ill. **Underwriter**—None.

Silver Creek Precision Corp.
March 30 filed 1,550,000 shares of common stock (par 10 cents), of which 200,000 shares are to be offered for the account of the company, and 1,350,000 shares for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Central Ave. and Mechanic St., Silver Creek, N. Y. **Underwriter**—Maltz, Greenwald & Co., New York.

★ Silver Sands Motel, Inc.
April 3 (letter of notification) 1,976 shares of company's common stock (par $100) and 494 shares of common stock (par $100) of Yuma Motor Lodge, Inc., to be offered in units of four shares of Silver Sands Motel, Inc. and one share of Yuma Motor Lodge, Inc. **Price**—$500 per unit. **Proceeds**—For purchase of real estate and to erect motel. **Office**—307 S. Second St., Mt. Vernon, Wash. **Underwriter**—None.

● SIMCA Societe Anonyme, of France
March 24 filed 1,000,000 shares of capital stock, par value 5,000 French francs (U. S. $10.12) per share, and equivalent 2,000,000 American shares representing such 1,000,000 capital shares (two American shares represent one capital share). The company is now offering holders of its American shares and holders of its French shares in the United States, its territories and possessions, the right to subscribe for one additional American share for each American share held, or one additional French share for each French share held as of April 13, 1959 (with an additional subscription privilege); rights to expire on May 7, 1959. **Price** — 5,500 francs (equal to $11.22 per share) for the French shares, or 2,750 francs ($5.61 per share) for the American shares. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Underwriter**—None.

Sip'n Snack Shoppes, Inc., Philadelphia, Pa.
March 31 filed 200,000 shares of common stock. **Price**—$2 per share. **Proceeds**—To pay loans and for new equipment. **Underwriter**—Sano & Co., New York.

★ Skoro Consolidated Mining Milling Co.
April 8 (letter of notification) 200,000 shares of common capital assessable stock (par 10 cents). **Price**—35 cents per share. **Proceeds**—For mining and milling expenses. **Office**—501 Jefferson Street, Boise, Idaho. **Underwriter**—None.

★ Southern Electric Generating Co. (5/28)
April 17 filed $25,000,000 of first mortgage bonds due 1992. **Proceeds**—To be used in connection with financing the cost of constructing a steam-electric generating station on the Coosa River in Alabama and related facilities; and for the repayment of $4,000,000 of short-term bank loans incurred for such capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 28 at the office of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y.

Southern Nevada Power Co. (5/11)
April 6 filed $5,500,000 of first mortgage bonds, series D, due 1989. **Proceeds**—Together with other funds, will be used to repay temporary bank loans, and to refund the slightly less than $4,000,000 of series "C" 5½% mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc. **Bids**—Expected to be received up to 9 a.m. (PST) on or about May 11 in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

Southern Nevada Power Co. (4/27-28)
April 6 filed 75,000 shares of cumulative preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used to repay temporary bank loans. **Underwriter**—White, Weld & Co., New York.

Southern Union Gas Co.
March 19 filed 442,731 shares of 4.64% cumulative convertible second preferred stock being offered for subscription by common stockholders of record April 10, 1959, on the basis of one share of preferred for each five common shares held (with an oversubscription privilege); rights to expire on May 1. **Price** — At par ($25 per share). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Snow, Sweeney & Co., Inc., and A. C. Allyn & Co., Inc., both of New York.

Southwestern Electric Power Co. (5/12)
April 13 filed $16,000,000 of first mortgage bonds, series H, due May 1, 1989. **Proceeds**—For construction expenditures, and to prepay and discharge some $12,000,000 of bank loans made for that purpose. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co., Inc. **Bids**—Expected to be received up to 10:30 a.m. (CDT) on May 12.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

Standard Electric Co., Inc.
March 31 (letter of notification) 10,000 shares of common stock (par $25). **Price**—$27.50 per share. **Proceeds**—To purchase equipment, erect and equip a semi-fireproof building and for working capital. **Office** — 3016 Austin Highway, San Antonio, Texas. **Underwriter** — Bache & Co., San Antonio, Texas.

★ Standard Oil Co. (Ohio)
April 16 filed $2,500,000 of Interests in the company's Employees Investment Plan, together with 25,000 shares of common stock and 9,000 shares of $100 preferred stock, series A, 3¾% cumulative, which may be acquired pursuant to said plan.

Standard Packaging Corp.
April 1 filed 43,067 outstanding shares of common stock and 28,834 outstanding shares of $1.20 convertible preferred stock (par $20) to be offered from time to time on the New York Stock Exchange or off the Exchange. **Price**—Related to the then current market price on said Exchange. **Proceeds**—To Estate of D. Samuel Gottesman, deceased. **Underwriter**—None.

Sterling Television Co., Inc.
March 31 (letter of notification) 200,000 shares of Class A stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, and to acquire television film series for distribution. **Office**—6 East 39th St., New York 16, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York 5, N. Y.

Super-Sol Ltd.
March 25 filed 250,000 shares of common stock. **Price**—At par (19,800 Israeli pounds—equivalent to $11 per share in U. S. funds), payable up to 90% in State of Israel Independence Issue and Development Issue Bonds, and the balance in cash. **Proceeds**—For expansion program. **Office** — 79 Ben Yehuda St., Tel Aviv, Israel. **Underwriter**—American Israel Basic Economy Co., New York, N. Y.

Texfel Petroleum Corp.
March 19 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of the company's 5% notes held by an American bank, and the balance will be added to its general funds and will be used in connection with its various operations, and for general corporate purposes, including payment of purchase obligations on certain properties, and for the purchase of warehouse inventories. **Office**—Republic National Bank Bldg., Dallas, Texas. **Underwriters**—Bache & Co. and Allen & Co., both of New York. **Offering**—Date indefinite.

Textron Inc. (5/4-8)
April 8 filed $30,000,000 of 5% subordinated debentures due May 1, 1984, with warrants attached for the purchase of 600,000 shares of common stock (at the rate of 20 common shares for each $1,000 debenture). **Price**—To be supplied by amendment. **Proceeds**—To be used in part to redeem and retire all the outstanding 4% preferred stock, to reduce or retire short-term indebtedness incurred in January, 1959, and the balance for general corporate purposes. **Underwriters**—Blair & Co. Inc., New York; G. H. Walker & Co., Providence, R. I.; and Scherck, Richter Co., St. Louis, Mo.

ThermoPlastics Corp.
March 26 filed 468,500 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchase of necessary capital equipment and to increase working capital. **Office**—1626 Hertford Rd., Charlotte, N. C. **Underwriter**—Interstate Securities Corp., Charlotte, N. C.

★ Tracerlab, Inc. (5/11-15)
April 17 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For research and development, etc. **Office** — 1601 Trapelo Road, Waltham, Mass. **Underwriters** — Lee Higginson Corp. and Estabrook & Co., both of New York and Boston.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

★ Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main St., Greenville, S. C. **Underwriter**—To be supplied by amendment.

★ Triton Mining Co.
April 3 (letter of notification) 1,800,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Building, Spokane 1, Wash. **Underwriter**—None.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United Improvement & Investment Corp.
March 25 filed 1,238,994 shares of common stock (par $2.60), of which 809,195 shares are to be offered in exchange for outstanding stock of Lawyers Mortgage & Title Co. on the basis of one share of United for each four shares of Lawyers before its recent one-for-ten reserve split, or 2½ shares of United for each share of Lawyers after such split. Lawyers' stockholders may round out their allocation to the next full share by purchasing not more than ¾ of a share at $1.25 for each ¼ share needed. In addition, a stockholder who accepts United's offer will have privileges to subscribe to 242,299 additional shares at $5 per share, on a one-for-four basis. The company also proposes to offer 187,500 shares in exchange for all the outstanding common stocks of Margate Homes, Inc., Broward Engineering Co., and Margate Construction Co., certain outstanding debt obligations of Margate Homes, Inc., and $62,500 in cash. **Proceeds**—For working capital and general corporate purposes. **Office**—25 West 43rd St., New York, N. Y. **Underwriter**—Allen & Co., New York, for 242,299 shares of common stock.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City, Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

★ Utility Appliance Corp., Los Angeles, Calif. (4/24)
April 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5.75 per share. **Proceeds**—To selling stockholders. **Office**—4851 South Alameda Street, Los Angeles 58, Calif. **Underwriter** — Dempsey-Tegeler & Co., Los Angeles, Calif.

★ Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Victoreen Instrument Co.
March 4 filed 247,159 shares of capital stock (par $1) being offered for subscription by holders of common stock and debentures, at the rate of new share for each four common shares held and eight shares for each $100 of debentures held as of April 16, 1959 (with an oversubscription privilege); rights to expire on May 7. **Price**—$9.75 per share. **Proceeds**—For working capital. **Underwriter**—None.

Washington Gas Light Co. (4/28)
April 7 filed 100,386 shares of convertible preferred stock to be offered for subscription by common stockholders of record April 27, 1959 at the rate of one new share for each 14 common shares held; rights to expire on May 12, 1959. **Price** — To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

★ West Driefontein Gold Mining Co. Ltd. (Union of South Africa)
April 20 filed American Depositary Receipts for 50,000 ordinary registered shares. **Depositary**—Guaranty Trust Co. of New York.

★ West Penn Power Co. (5/25)
April 17 filed $14,000,000 of first mortgage bonds, series R, due June 1, 1989. **Proceeds**—Together with other funds, will be applied to the company's construction program and repayment of bank loans incurred thereof. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to noon (EDT) on May 25 at office of West Penn Electric Co., 50 Broad Street, New York, N. Y.

★Western Kentucky Gas Co. (4/29)
April 13 (letter of notification) 8,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office**—608 Frederica Street, Owensboro, Ky. **Underwriters**—Equitable Securities Corp., Nashville, Tenn.; and Almstedt Brothers, Louisville, Ky.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

Bank of Commerce, Washington, D. C. (5/29)
Feb. 26 stockholders of the Bank approved the sale of 2,000 shares of capital stock (par $100) to holders of record May 29, 1959, on the basis of one new share for each three shares held; rights to expire on June 30. **Price**—$150 per share. **Proceeds**—To increase capital and surplus.

Bank of Montreal (5/1)
April 7, it was announced Bank will offer to its stockholders of record April 17, 1959 the right to subscribe on or before July 10, 1959 for 675,000 additional shares of capital stock on the basis of one new share for each eight shares held. **Price**—$32 per share, payable in 10 monthly installments from July 10, 1959 to April 8, 1960. **Subscription Agent**—Royal Trust Co., Montreal, Canada.

Central Illinois Light Co. (5/12)
March 31 the company filed an application with the Illinois Commerce Commission for authority to issue $10,038,700 convertible debentures due 1974, to be offered to common stockholders of record on or about May 12 on the basis of $100 principal amount of debentures for each 22 of common held. **Proceeds** — For construction program. **Underwriter**—Union Securities Co. (now Eastman Dillon, Union Securities & Co.) handled previous equity financing. **Registration**—Scheduled for April 23.

Consolidated Edison Co. of N. Y. Inc. (5/26)
March 9 it was reported that the company plans to issue and sell $50,000,000 to $60,000,000 of first refunding mortgage bonds. **Proceeds**—For additions, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 26.

Consolidated Electrodynamics Corp.
April 6 it was reported that the company is planning early registration of $7,600,000 25-year convertible subordinated debentures due 1984, to be offered for subscription by common stockholders on the basis of $100 principal amount of debentures for each 14 shares held. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected in May.

Consolidated Natural Gas Co. (5/21)
March 18 the directors approved a plan to offer stockholders on or about May 21 the right to subscribe for 821,256 additional shares of capital stock on the basis of one new share for each 10 shares held; rights to expire on or about June 10. **Price**—To be below the market price prevailing at the time of the offering. **Proceeds** — For construction program. **Underwriter**—None.

Consolidated Natural Gas Co.
March 18, James Comerford, President, announced that, in addition to the proposed stock offering to stockholders, the company plans this year to issue and sell publicly $20,000,000 of debentures. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

● Duke Power Co. (6/9)
April 16 it was announced that the company has applied to the Federal Power Commission for authority to issue and sell 250,000 shares of new preferred stock (par $100). **Proceeds** — To reimburse treasury for capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 9.

El Paso Natural Gas Co.
March 4 it was announced stockholders will on April 28 vote on increasing the authorized preferred stock to 1,000,000 shares from 472,229 shares, and the common stock to 25,300,000 shares from 20,300,000 shares. **Proceeds** — For major expansion program. **Underwriter** — White, Weld & Co., New York.

Electronic Mechanical Specialty Co. (Calif.)
March 31 it was reported that the company is planning an offering of about 100,000 shares of common stock. **Underwriter** — Myron A. Lomasney & Co., New York. **Registration** — Via Regulation "A," around April 22. **Offering**—Expected some time in May.

Fairfield County Trust Co.
April 6 bank offered stockholders of record March 31 the rights to subscribe on or before April 28 for 48,625 additional shares of capital stock (par $10) at rate of one new share for each eight shares held. **Price**—$32.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc., New York.

● First National Trust & Savings Bank of San Diego, Calif.
April 22 it was announced that Bank is offering its stockholders of record April 21, 1959 the right to subscribe on or before May 11, 1959 for 105,600 additional shares of capital stock (par $5) on the basis of one new share for each nine shares held. **Price**—$26 per share. **Underwriters** — Dean Witter & Co.; Blyth & Co., Inc.; William R. Staats & Co.; Eastman Dillon, Union Securities & Co.; and Dewar & Co.

Georgia Power Co. (9/10)
Dec. 10 it was announced that the company plans to issue and sell $18,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Lehman Brothers; The First Boston Corp.; Morgan Stanley & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Registration**—Planned for Aug. 14. **Bids**—Expected to be received on Sept. 10.

Great Northern Ry. (5/6)
Bids are expected to be received by the company on May 6 for the purchase from it of about $4,500,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.. Salomon Bros. & Hutzler.

Jersey Central Power & Light Co.
Feb. 10 it was announced that the company is contemplating the sale of $8,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers and Blair & Co., Inc., (jointly). **Offering**—Expected during August.

Kansas City Power & Light Co.
Dec. 29 it was reported that the company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman, Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Offering**—Expected in May or June.

Long Island Trust Co.
April 9 it was announced bank plans to offer to its stockholders the right to subscribe for 70,186 additional shares of capital stock (par $5) at the rate of one new share for each six shares held of record April 21, 1959; rights to expire on May 8. **Price**—$20 per share. **Proceeds**—To increase capital and surplus. **Meeting**—Stockholders will vote April 21 on increasing authorized capitalization and changing par value of shares from $10 to $5. **Underwriter**—A. M. Kidder & Co., New York.

Mississippi Power Co. (6/25)
Dec. 10 it was announced that this company plans to issue and sell $5,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 29. **Bids**—Expected to be received on June 25.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio

Northern Illinois Gas Co. (6/23)
March 25, Marvin Chandler, President, announced company plans issue and sale of $20,000,000 25-year first mortgage bonds. **Proceeds** — For capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co. Inc. **Bids**—Tentatively planned to be received on June 23. **Registration**—Expected at end of May.

Northern States Power Co. (Minn.)
March 31 it was reported that the company has revised its financing plans, and is considering the offering and sale of $10,000,000 of new preferred stock. **Proceeds**—To be used to repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding: Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Harriman Ripley & Co. Inc., and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co.; Smith, Barney & Co.

Northern States Power Co. (Minn.)
March 31 it was reported that the company also is considering offering about 714,000 additional shares of common stock for subscription by common stockholders on the basis of one new share for each 20 shares held. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Riter & Co. (jointly); The First Boston Corp., Blyth & Co., Inc. and Kuhn, Loeb & Co. (jointly); White, Weld & Co. and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Offering**—Expected sometime during August.

Pennsylvania Electric Co.
Feb. 10 it was announced that the company is planning the sale of $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., Merrill Lnych, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). **Offering**—Expected about mid-year.

Philadelphia Electric Co.
April 8 it was announced company plans to offer about 640,000 additional shares of common stock to common stockholders on the basis of one new share for each 20 shares held. **Proceeds**—For construction program. **Underwriters**—Drexel & Co. and Morgan Stanley & Co. **Offering**—Expected in June.

★ Public Service Co. of New Hampshire
April 22 it was stated in the company's annual report that it plans the raising of $13,250,000 from outside sources. This new money will come partially from short-term obligations but principally from permanent financing, the amount and type of which has not as yet been determined. **Proceeds**—To meet construction requirements for 1959.

Public Service Electric & Gas Co. (6/2)
Jan. 30 it was reported that the company plans sale of $30,000,000 to $40,000,000 debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively expected to be received on June 2.

San Diego Imperial Corp.
March 16 it was reported that the company plans to offer an additional 1,273,720 shares of common stock. **Proceeds**—For further acquisitions. **Underwriter**—J. A. Hogle & Co., Salt Lake City and New York.

Specter Freight System, Inc.
Feb. 16 this company sought ICC approval for issuance of 200,000 shares of class A common stock (par $1), of which 60,000 shares will be sold for the account of selling stockholders **Proceeds** — To pay outstanding loans and for additional working capital. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill.

Teleflex Ltd., Toronto, Canada
March 24, R. C. Dobson, President, announced that the company plans to raise approximately $1,000,000 in the near future, partially through debt financing and partially through the sale of additional common stock. **Underwriter** — To be named later. **Registration** — Expected about May 1.

Union Electric Co. (Mo.)
Feb. 23, J. W. McAfee, President, stated that the company plans to sell about $30,000,000 of additional common stock later this year through rights to common stockholders. **Proceeds**—For expansion program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld & Co., and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc. **Offering**—Expected toward the end of the second or third quarter of 1959.

United Gas Improvement Co. (6/16)
April 7 it was reported that the company plans to issue and sell $10,000,000 of first mortgage bonds due 1984. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.; Drexel & Co. and Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on June 16. **Registration**—Planned for around May 15.

Virginia Electric & Power Co. (6/2)
Feb. 21 it was announced that the company plans to offer an additional 710,000 shares of common stock to be offered for subscription by stockholders of record on or about June 2, 1959, on the basis of one new share for each 20 shares then held. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 2.

Worth Fund, Inc.
Feb. 13 it was reported that the Fund was planning the sale of about $5,000,000 of common stock. **Price**—Around $14.25 per share. **Underwriters**—Blair & Co. Inc. and G. H. Walker & Co., both of New York. **Offering**—Indefinitely postponed.

$176 Million Gain For Fundamental

Fundamental Investors, Inc., one of the nation's largest common stock funds, reports record total net assets of $537,656,164 on March 31, 1959, compared with $361,385,-767 a year ago.

Net asset value per share rose from $13.97 on March 31, 1958, to $18.55 on March 31, 1959. This represents a gain of 35% after adjustment for a 40 cent per share capital gains distribution on Feb. 2, 1959. The number of shareholders rose to 99,890 and total shares outstanding increased to 28,991,117, both new highs for the fund.

Newly added to the fund's holdings during the first quarter of 1959 were shares of Ford Motor Company, Jones & Laughlin Steel Corporation and Texas Instruments, Inc. Eliminated were all holdings of Aluminum Company of America and Republic Natural Gas Company. Substantial reductions were made in holdings of ACF Industries, Inc. and Aluminium, Ltd.

Elvis Reid Opens

MURFREESBORO, Tenn.—Elvis Reid is engaging in a securities business from offices at 120 West College Street under the firm name of Elvis Reid & Co.

Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Ruth W. Kershner has joined the staff of Dempsey-Tegeler & Co., 210 West Seventh Street.

Mutual Funds

By ROBERT R. RICH

Corporate Earnings Seen Rising to $24 Billion Record

Net earnings of all U. S. corporations "appear to be staging a spectacular recovery" and will rise to an all-time high of $24 billion in 1959, up from $18.5 billion in 1958, it was predicted today by National Securities & Research Corporation. The investment company sponsors and manages the $450 million group of National Securities Series mutual funds.

National's staff believes, "Economic trends appear to be on the way toward vindicating the performance of the stock market. Earnings of many leading corporations to be reported in the months ahead, are expected to measure up to the hopes of discriminating investors." For the remainder of 1959 stock prices as measured by the Dow-Jones Industrial Average, subject to fluctuations, are expected to record new highs.

Moderate dividend increases, bringing total payments by U. S. corporations to an estimated $13.7 billion compared with $12.3 billion last year, are expected. National believes corporations will, therefore, retain over $10 billion of earnings, compared to an estimated $6.2 billion last year. Part of this increase is seen as contributing to a rise of about $2.5 billion in plant and equipment outlays this year.

Stepped up production trends which were underscored by the Federal Reserve Board's announcement that the March Index of Industrial Production attained a record high of 147 are seen as giving American industry an opportunity to utilize its "superb new plant and efficient equipment installed in the last three years at a cost of $100 billion . . . to an increasing extent at the high operating rates for which they were planned."

Broad advances are expected to continue in the steel industry despite the possibility of a strike and higher prices both of which National expects to develop. Steel output for the full year is seen as exceeding 112 million tons, up from 85.3 million in 1958. Domestic auto output is predicted at 5.7 million units up from 4.2 million in 1958. Home starts for the year are projected at 1.3 million, up 100,000 over last year and the dollar value of all construction activity is expected to exceed $52 billion, a new record.

The investment company believes Gross National Product will total around $475 billion for 1959, with the final quarter at a new peak. During the first quarter it is estimated to have attained an annual rate of about $465 billion, up from $453 billion in the final three months of 1958, the previous record.

"Although the outlook is never entirely cloudless," National's staff concluded, "we believe ample opportunities exist for long-term investors in carefully selected securities of successful American corporations, particularly those with well-defined growth characteristics."

Eaton & Howard Funds Report Sharp Gains

Combined assets of Eaton & Howard Funds increased $86,-839,444 during the past 12 months to a new high of $346,625,146 on March 31. The increase was due in part to record sales of $48 million to new and present shareholders, and in part to the increase in market value of the Funds' investments.

Net assets of **Eaton & Howard Stock Fund** totaled $144,695,029 or $23.94 a share on March 31, 1959, compared with $89,120,601 or $19.07 a share a year ago. The increase in asset value per share amounted to 28%, after adjustment for the 38-cent capital gains distribution in December.

Common stocks represented 83% of Fund's investment on March 31; the balance was in U. S. Government bonds, short-term notes and cash. Oil stocks continued to be the Fund's largest category of common stock holdings with 12.7% of assets, followed by power & light (9.6%), insurance (7.5%), natural gas (5.0%), chemical (4.7%) and steel (4.2%).

Net assets of Eaton & Howard Balanced Fund totaled $201,930,-117, or $23.46 a share on March 31, 1959, compared with $170,665,-101, or $20.56 a share a year ago. The increase in asset value per share amounted to 17%, after adjustment for the 55-cent capital gain distribution in December.

Common stocks represented 64.4% of Fund's investments on March 31; 12.2% was invested in preferred stocks; 10.9% in corporate bonds; and 12.5% in U. S. Government obligations and cash. The five largest common stock holdings by industries were oil (15.9%), power and light (13.7%), insurance (5.6%), banking (5.1%) and steel (3.5%).

Muir Opens Branch

McALLEN, Texas—Muir Investment Corp. has opened a branch office in the First National Bank Building under the direction of S. Bryan Moore.

Leo Smith Branch

AUBURN, N. Y.—Leo V. Smith & Co. has opened a branch office at 12 Exchange Place under the direction of Robert A. Carter.

Group Securities' Assets Rose 56%

Reflecting sharp sales increases and substantial market appreciation, the total assets of Group Securities, Inc., leading investment company, rose to $161,000,000 on April 1, 1959 from $103,000,000 a year earlier, an increase of 56%.

Total investor purchases in the quarter ending March 31, amounted to $10,197,000, according to John L. Ahbe, Vice-President and director of sales of Distributors Group, Inc., the company's national sponsor. This was an increase of 25% over the comparable figures for the same period in 1958. Mr. Ahbe said that the 1959 figure included $1,139,000 of conversions from one to another of Group's 20 mutual funds.

	—Quarter Ending—	
	Apr. 1, '59	Apr. 1, '58
	$	$
Total assets	160,994,585	103,097,726
Investor purchases	10,197,028	8,146,337

Keystone K-1 Had 34% Assets Gain

In the last 12-month period, ended Feb. 28, 1959 total net assets rose 34% to a record high of $60,755,359, enabling Keystone Income Fund K-1 to maintain its position as the third most popular of Keystone's 10 domestic funds, which have a total net asset value of more than $425,000,000.

Net asset value per share also increased 23% for that period, reflecting the effect of the strong and broad business recovery on the prices of all three types of securities held by the Fund. The Fund's holdings of bonds and preferred stocks showed substantial price improvement.

National's Funds All Show Gains

It was announced by E. Waln Hare, Vice-President of National Securities & Research Corporation which sponsors and manages National Securities Series, that combined net assets of its seven open-end mutual funds amounted to $451,163,635 on March 31, 1959 an increase of $36,841,367 over the total of $414,322,268 prevailing on Dec. 31, 1958.

Increases in net asset values per share in the first three months of 1959 were as follows:

	12/31 1958	3/31 1959	Gain
Dividend Series	$4.06	$4.39	8.13%
Growth Stocks Series	7.40	7.91	6.89
Income Series	6.17	6.48	5.02
Stock Series	8.62	9.04	4.87
Preferred Stock Series	8.04	8.43	4.85
Bond Series	5.86	6.06	3.41
Balanced Series	10.98	11.19	1.91

Combined sales of National Securities Series for the first quarter of 1959 were $25,148,900 — the largest sales for any January-March period in its history and represent a gain of 26% as compared to total sales in the first three months of 1958 of $19,932,-000.

Shareowner accounts on March 31, 1959 numbered approximately 173,000, an increase of 5,000 from the Dec. 31, 1958 total and about 15,000 above the total one year ago.

During the first quarter of 1959, all funds of the Series maintained as fully invested positions as were practical, consistent with their individual objectives.

Istel Fund Reports Net Assets Gain

	Mar. 31,'59	Mar. 31,'58
Net assets per sh.	$35.15	$28.48
Total net assets	$17,989,936	$11,517,085
Shares outstanding	512,088	404,437

Reilly Office in N. Y.

J. F. Reilly & Co., Inc. has opened an office at 39 Broadway, New York City.

United Fds. Group Sets New Records

Record purchases of mutual fund shares, together with a marked appreciation in the market value of securities owned, resulted in an all-time high in assets of the four funds in the United Funds group during the first quarter of 1959, Cameron K. Reed, President, announced.

Total assets of United Income, United Accumulative, United Science and United Continental funds March 31 were $612,305,751, compared with $381,847,464 a year ago, an increase of 160%. In the first three months of 1959 net assets rose $52,654,014, against a gain of $39,677,249 a year earlier.

The proceeds from the sale of new shares reached $43,461,940, against $22,686,506 a year earlier, or a gain of 181%.

The largest gain was in the Accumulative Fund, with its periodic investment plan program, Mr. Reed said. The sales were $20,480,453, or an increase of $9,995,216.

Redemptions in the quarter were larger than a year earlier, amounting to $9,889,206, against $3,889,736. The increase in redemptions in relation to sales, however, was up only about five percentage points, Mr. Reed pointed out.

Profits taken on securities sold were up substantially. Securities profits were $7,879,694, against $5,034,438; investment income was $3,937,256, against $3,782,143.

Net asset value of United Income fund March 31 was $219,103,748, equal to $11.03 a share on the outstanding 19,857,287 shares. A year earlier net assets were $151,853,-179, or $8.80 a share on the then outstanding 17,259,117 shares.

United Accumulative Fund's net assets were $267,241,689, equal to $12.28 a share on 21,767,936 shares, compared with $156,870,510, or $9.59 a share on 16,356,338 shares.

United Science Fund's net assets were $85,211,471, equal to $13.10 a share, against $46,072,445, or $9.33 a share. There were 6,506,-175 shares this year, against 4,937,274 shares a year before.

United Continental Fund's net assets amounted to $40,748,843, equal to $7.89 a share on 5,165,638 shares, against $27,051,330, or $6.26 a share on 4,322,606 shares.

Tri's Assets at New All-Time Peak

Investment assets of Tri-Continental Corporation, the nation's largest diversified closed-end investment company, now in its 30th year, climbed to a record high of $396,694,369 at March 31, up $4,-639,799 from the $392,054,570 reported at the start of the year, Francis F. Randolph, Chairman, and Fred E. Brown, President, reported in their quarterly report to stockholders. "Appreciation in the market value of the corporation's investment holdings accounted for the larger part of the increase in assets," the report noted. New funds totaling $1,265,-798 were received for 71,272 shares of common stock issued upon the exercise of 56,120 warrants. The rate of exercise of warrants in the first quarter was more than double that in the three preceding months but about the same as in the first quarter of 1958. At March 31, there were 6,963,256 shares of Tri-Continental common stock outstanding and the remaining warrants numbered 1,075,065.

Assets per common share outstanding increased nominally in the first quarter to $48.55 at March 31 from $48.38 three months earlier. Assets per common share, assuming the exercise of all warrants, stood at $43.50 as compared with $43.10 at the start of the year.

Net investment income totaled

$2,568,806 for the first three months of 1959 and was about the same as in the corresponding period of last year, according to the report. The first quarter common stock dividend of 30 cents per share paid on April 1 maintained the dividend rate first established in the opening quarter of 1955, even though this year's payment was made on 2,773,636, or about 66% more shares than in 1955 as a consequence of exercise of warrants.

Common stock investment accounted for 86% of assets at the end of the first quarter, which was about the same as at the beginning of the year. Tri-Continental, the report stated, "has continued to search for sound equities available at prices which may be considered reasonable in relation to current and prospective values."

New common stock positions were established in the first quarter of 1959 with the purchase of American Machine & Foundry and Cessna Aircraft. Holdings were increased by the purchase of Westinghouse Electric; Anaconda; Virginia Electric & Power; Florida Power and Peabody Coal.

During the quarter, investment positions were eliminated through the sale of Winn-Dixie Stores; Shell Oil and Guaranty Trust Co. Reductions in common stock holdings were made through the sale of American Home Products; Illinois Power; Lockheed Aircraft; San Diego Gas & Electric; Amerada Petroleum; Chas. Pfizer; Federated Department Stores and Iowa-Illinois Gas & Electric.

Managed's March Sales Climb 168%

Managed Funds, Inc. sales climbed to a record $2,925,523 last month, 168.5% higher than the March, 1958, total of $1,089,551, Hilton H. Slayton, President of the $81 million mutual fund group, disclosed yesterday.

Last month's volume, he said, was 11.7% above the February total of $2,618,590. The fund group's previous monthly sales high was established in January when investor purchases of its seven share classes came to $2,824,363.

Mr. Slayton reported that overall Managed Funds volume for the first three months of the current calendar year amounted to $8,368,476, compared with $3,535,884 during the like 1958 period, for a 137.7% increase.

FIC March Sales Over $14 Million

John D. Case, President of First Investors Corporation (FIC) announced that business written for March, 1959, amounted to $14,141,239, compared with $9,202,050 in March, 1958. Of the March, 1959, figure, $12,251,400 represents sales of the long-range contractual plans sponsored by F. I. C., and the balance is in single payment plans and outright sales of mutual fund shares.

The long-range plans sponsored by F. I. C. provide for 10 years of monthly payments for the accumulation of shares of Wellington Fund, a balanced fund; Mutual Investment Fund, a fully-managed fund; or Fundamental Investors Fund, a common stock fund.

The plans can be obtained with or without insurance protection, which is underwritten by the Connecticut General Life Insurance Company of Hartford, the United States Life Insurance Company of New York, and the Continental Assurance Company of Chicago.

Custodian under F. I. C. plans is the First Pennsylvania Banking and Trust Company of Philadelphia.

Nation-Wide Sales Show 82% Gain

Total net assets of Nation-Wide Securities Company, Inc. on Feb. 28, 1959, were $33,008,064, or $6,164,573 greater than on the same date in 1958, reported Hugh Bullock, President.

Nation-Wide, which is the conservative balanced fund in the Calvin Bullock group, reported that sales of new shares during the period were 82% greater than in the previous 12 months.

Portfolio changes made in new additions in common during the quarter ending Feb. 28, 1959, were Falstaff Brewing, J. C. Penney, Sears Roebuck & Co. and Socony-Mobil Oil Company. Increases were made in CBS, Deere & Co., Pacific Finance and Rochester Gas & Electric Corporation. Eliminated from the portfolio were H. J. Heinz Company, New York Chicago & St. Louis RR. and Parke Davis & Co.

Carriers & General Assets Higher

Total net assets of Carriers & General Corporation at March 31, 1959, with securities valued at market quotations and before deduction of principal amount of outstanding debentures, were $19,274,711, it was announced.

This compared with total net assets of $18,999,207 on Dec. 31, 1958. Net asset value of the common stock was $31.02 a share on March 31, 1959, compared with $30.53 on Dec. 31, 1958.

The asset coverage per $1,000 of debentures outstanding on March 31 amounted to $10,296. Interest requirements on debentures outstanding were earned 8.88 times during the first three months of 1959. Net income applicable to common stock for the three months ended March 31, 1959 (exclusive of profits on sales of securities) was $110,723.

Two With Lloyd Arnold

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Kent M. Hamilton and Medardo Rangel are now with Lloyd Arnold & Company, 364 North Camden Drive. Mr. Rangel was previously with Fairman & Co.

With Taylor & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—James A. Hague has become affiliated with Taylor & Company, 439 North Bedford Drive. He was formerly with J. Logan & Co.

Form Palombi Secs.

Palombi Securities Co., Inc., has been formed with offices at 60 Sutton Place S., New York City to engage in a securities business. Officers are Edward R. Palombi, President; Dante J. Callicchio, Vice-President and Treasurer; and N. M. Galesi Secretary.

Now With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—John W. Clem has become associated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. Mr. Clem was formerly with Pacific Coast Securities Company and Daniel Reeves & Co.

New Morrison Branch

CHATTANOOGA, Tenn.—Morrison and Company has opened a branch office in the Chattanooga Bank Building under the management of Gene Roach.

Joins Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—David H. Dickerman has become connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Our Reporter's Report

Prospective investors remain in the driver's seat in the fixed term security markets these days. Except for the passage of time, which must ultimately bring a "bottoming out" of the current downward phase, nothing has changed much in recent weeks.

Potential buyers continue to demand, and it seems, to get better return on their money than had been available to them recently in the new issue market. The bit of a pinch in which the Treasury finds itself, with the task of floating another $4.5 billion of new securities looming ahead, is not helping matters any.

On the contrary, the Government market has been setting the trend for the investment world over a period and this has been in the direction of lower prices and higher yields. Investors have been shying away from Treasury issues with the consequence being that most long-term obligations have settled steadily to new lows, with yields well over the 4% level.

This has tended to harass underwriters of corporate debt securities who have been feeling around for a new level of stability in the market but without much in the way of satisfaction up to here.

On one or two occasions it appeared as though a new base might be near. However in such instances fresh heaviness in U. S. issues has aroused renewed disequilibrium.

The revised yield basis in investment markets generally is finding reflection in stiffening of money rates with accepances and commercial paper yields having been lifted again recently.

Readjustment

Buyer resistance has been paying off in some recent undertakings judging by the quick settling back of such issues once they have been turned loose from syndicate.

Texas Eastern Transmission Corp.'s recent offering of $45 million of first mortgage bonds brought out at 99½ two weeks ago to yield 4.92%, slipped back to 96¾ bid, 97¼ asked, for an indicated return of around 5.12%, a rise of 10 basis points in yield.

Ohio Edison Co.'s $25 million of 4⅝s which reached market the end of March, priced at 102.547, likewise gave up about three points pricewise when cut loose.

Equities Convertibles

The general market setting is still one in which equities, or junior debt securities carrying conversion privileges find wide popularity in contrast with the coolness that greets fixed term issues.

Columbia Gas Systems Inc., for example was able to report that its recent offering of 1,799,057 shares of new common to stockholders 95.25% taken on "rights." The balance was sold by dealers.

Apparently taking its cue from the behavior of the markets Baltimore Gas & Electric has registered to market $19,925,500 convertible debentures, due in 15 years. It plans to offer the debentures to holders of record May 7 at the rate of $100 for each 35 shares of common held, the rights expiring May 25.

The Calendar

Taking a quick glance at the roster for next week, the plethora of issues on tap for Monday would seem to signal a busy period.

But it wittles down to a duo of substantial issues that day—3,357,770 shares of Glickman Corp. common stock and $10 million preferred stock of Washington Gas Light Co., the latter being offered to the company's holders.

On Tuesday Public Service Co. of Colorado is scheduled to open competing bids for an issue of $20 million of new bonds. And, on Thursday, Alabama Power Co. has an issue, also $20 million, of bonds up for competitive bidding.

Skaife Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Cal.—Leo H. Appel and Frances Baumann have been added to the staff of Skaife & Company, 3099 Telegraph Avenue. Mr. Baumann was previously with Hooker & Fay.

Joins J. B. Hanauer

BEVERLY HILLS, Calif.—William E. Adler has joined the staff of J. B. Hanauer & Co., 140 South Beverly Drive.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Congress is or should be at least half-way through its 1959 session. The law-makers, however, since they convened on Jan 7, have enacted into law only three of more than 25 major legislative proposals.

Nevertheless, the House and Senate can and, usually do, work at a feverish pace, in the closing weeks and days of a session. The same pattern is likely to be followed this year, although year after year some members declare at the outset of a session that they will make a concerted effort to prevent slamb-bang confused sessions in the closing days.

Thus far President Eisenhower has signed into law the Hawaii statehood, unemployment compensation, and extension of the military draft.

The World Bank — Monetary Fund bill, increasing United States participation; the measure to increase life insurance taxes; another authorizing a stepped up airport construction program for the Jet Age, and the omnibus housing bill are nearing the end of the legislative line before being sent to the White House for President Eisenhower's signature.

One of the most important bills facing this session is the labor reform bill. The Senate began consideration of the reform proposals several days ago. Any labor legislation is controversial, and the reform amendments are no exception. Labor is collecting $700,000,000 a year from its union members and the funds are tax-free. Thus it is crystal clear why labor unions are growing more powerful.

No action has been taken on extension of the corporate income tax of 52%, but the taxes are certain to be extended. The debt limit is going to require attention before the end of the session.

Administration proposals to increase postal rates, and increase the Federal gasoline tax by 1½ cents a gallon appear to be out the window. The picture could change before the end of the session, however.

More Highway Funds

Congress is still wrestling with the question of raising more funds for the vast interstate highway construction program. This question is not going to be easily solved in view of the already heavily taxed motorist.

Taxes currently allocated to the Federal Highway Trust Fund are: motor fuels three cents a gallon, tires eight cents a pound, tubes nine cents a pound, retread rubber three cents a pound, trucks and buses 5%, and truck use tax $1.50 per 1,000 pounds. Federal motor taxes, not earmarked to the fund, include automobiles 10%, parts and accessories 8%, and trucks and buses 5%.

Federal Highway Administrator Bertram D. Tallamy repeatedly warns that unless additional funds are provided it will be necessary for the Bureau of Public Roads to forego any apportionment of Interstate funds next year.

Members of Congress say they have had very little mail on the subject. On the other hand, they said they have had considerable mail in opposition to raising the gasoline tax. The automotive industry and the trucking industry generally are more anxious about the costly divided stop-light-free, multilaned roads than the average motorist.

There has been a mild change in attitude in numerous cities about the so-called expressways or freeways or whatever they are called locally. There has been some revolting because many thousands of homes and other buildings are being razed, and fine farm lands are being destroyed by the expressways. Uprooted families are being heard from.

There are several bills pending that are of marked importance regionally, and to a certain percentage of the people. Their fate at this session is in the doubtful status. For instance the Tennessee Valley Authority revenue bond bill is vital to the TVA country. TVA wants to issue millions of dollars of bonds to expand the electric power of the Southern region where it operates.

Banking Legislation

The Senate Banking and Currency Committee has reported out a series of bills affecting the banking business such as bank mergers and reserve requirements. Senator A. Willis Robertson, Democrat of Virginia, Chairman of the Banking and Currency Committee, and his committee colleagues would empower the Federal Reserve Board to ease reserve requirements for member banks.

Chairman Robertson has explained that lowering the reserve requirements would provide banks with more working capital for lending or investing. The proposal would set the range of reserve requirements for central and city reserve banks at between 10% and 20% of the bank's demand deposits, instead of the present range of 13 and 26%, respectively.

Our Pollution Proposals

Air and water pollution is evoking more interest in Congress as the population increases, and the air of cities becomes dirtier. The House Public Works Committee, headed by Repersentative John A. Blatnik, Democrat of Minnesota, would double the existing annual authorization of $50,000,000 to $100,000,000 for a 10-year period.

Under present law, the United States Public Health Service has an annual authorization of $5,000,000 for its air pollution research. Some members of Congress are in favor of increasing the research studies. The Public Health Service says there is no doubt that incidence of cancer of the lung and stomach is higher in the cities than the rural areas.

It has been estimated unofficially that industry is already spending $325,000,000 a year installing and maintaining air pollution equipment, but government officials predict that the sum will be doubled within the next several years.

Military construction for the next fiscal year is going to be heavy again. The House passed and sent to the Senate a bill that would authorize $1,252,608,001 in military construction in this country and abroad for the 1960 fiscal year starting July 1.

To Veto REA Bill?

Although it is not regarded as a major bill, the socalled REA loan bill was sent to the White House the other day. The measure would give the Administrator of the Electrification Administration final authority to approve or disapprove REA loans. It also would vest the Administrator with all REA functions.

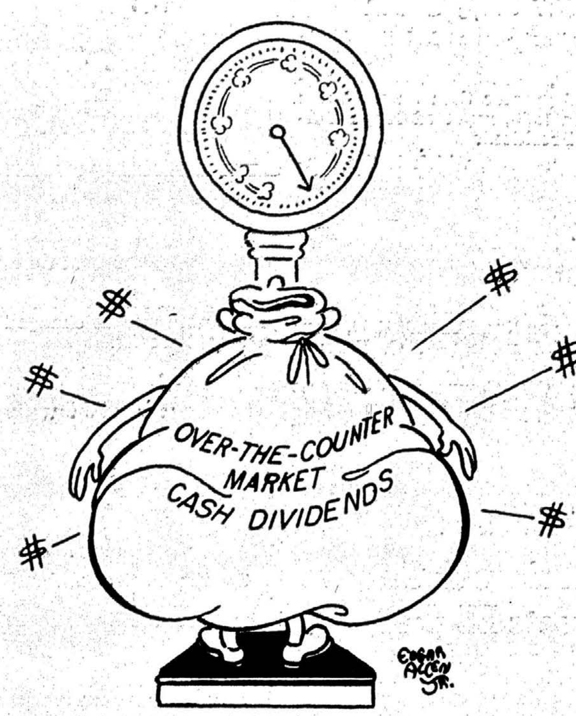
As it has pointed out in this column before, and in other columns and speeches around the country, it is time that REA started paying its way. It is now costing the Federal Government 4% and more to borrow funds. Then to turn around and let REA and other Federal agencies and bureaus have the money to lend out at 2½% is not fair to the other American people who are having to foot the rising debt of the United States Government.

President Eisenhower has said that he would not favor raising the interest rates on the hundreds of millions of dollars now loaned out by REA. But he said he thought the time has come when borrowers of REA funds should pay the approximate interest rate that it cost the government to borrow the money.

President Eisenhower might well veto the REA bill giving the REA Administrator final authority to approve or disapprove loans. The final authority now rests with the Secretary of Agriculture. This authority was placed in the hands of the Secretary of Agriculture by Congress by prior legislation.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ



-- GAINING ALL THE TIME!

Business Man's Bookshelf

Annals 1958—United States Savings and Loan League, 221 North La Salle Street, Chicago 1, Ill., (cloth), $5.00, (quantity prices on request).

Anniversary Celebrations Made Easy — Donald Peel — Chilton Company, 56th and Chestnut Streets, Philadelphia 30, Pa., $5.

Bank Shareholder Relations — Brochure — American Bankers Association, Public Relations Council, 12 East 36th Street, New York 16, N. Y. (paper).

Basic History of American Business — Thomas C. Cochran — D. Van Nostrand Company, Inc., 120 Alexander Street, Princeton, N. J. (paper), $1.25 ($1.35 in Canada).

Consumer Financing of Mobile Homes — 8th annual report — Mobile Homes Manufacturers Association, 20 North Wacker Drive, Chicago 6, Ill. (paper).

Fibre Box Industry Statistics—Fibre Box Association, 224 South Michigan Avenue, Chicago 4, Ill., (paper).

International Dollar Problem—In the Bulletin of the C. J. Devine Institute of Finance, Graduate School of Business Administration, New York University, New York, N. Y., (paper).

Journal of the Institute of Bankers, April, 1959—Containing articles on Finance for Trusfees and Others; Banks and Advertising; Economic Scene; etc.—Institute of Bankers, Lombard Street, London, E. C. 3, England.

Labor Education Outside the Unions — Alice H. Cook and Agnes M. Douty — New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y., $2.00.

Life Insurance and Inflation — MacAlester College, St. Paul, Minn.

Modern Commodity Futures Markets—Gerald Gold—Commodity Research Bureau, Inc., 82 Beaver Street, New York 5, N. Y., $10.00.

Niagara St. Lawrence Power Projects — Report of Construction Progress—Power Authority of the State of New York, Albany, N. Y.

Ownership of A. T. & T. 1958—American Telephone & Telegraph Company, 195 Broadway, New York 7, N. Y.

Port of New York Authority — Annual report for 1958—Port of New York Authority, 111 Eighth Avenue, New York 11, N. Y. (paper).

Quebec—Industrial study of the Province — Canadian Pacific Railway, Department of Industrial Development, Montreal 3, Que., Canada.

Resource to Dynamic Management—Booklet on service as management consultants—George Fry & Associates, Inc., 135 South La Salle Street, Chicago 3, Ill.

TWA's Services to Ethiopia — Theodore Geiger — National Planning Association, 1606 New Hampshire Avenue, Washington 9, D. C. (paper), $1.00.

Technical Books Sponsored by the U. S. Atomic Energy Commission—Catalogue—United States Atomic Energy Commission, Washington 25, D. C. (paper).

Trends in the Hotel Business (Transient, Residential, Resort and Motor Hotels) — Harris-Kerr-Forster & Company, 18 East 48th Street, New York, N. Y. (paper).

Trust Institutions of the United States and Canada, 1959 Revised Edition — Directory of active trust institutions (geographically arranged) with heads of trust and investment departments and nominee titles—Fiduciary Publishers, Inc., 50 East 42nd Street, New York 17, N. Y., (paper), $15.00.

What's in It for Me?—Proceedings of the Ninth National Conference on Standards — American Standards Association, 70 East 45th Street, New York 17, N. Y., $4.50.