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EDITORIAL

As We See It

President Eisenhower has issued a challenge to those who would permit labor leaders to dictate the content of the new law, if any, designed to eliminate the abuses which have been disclosed in the management of labor unions and in the conduct of organized labor generally. He has not only issued a challenge, but also laid down the lines of battle he intends to use in an effort to “clean up the mess.” In doing so, of course, he has given deep offense to all union leaders, and has aroused the ire of political opponents who have not the courage to take such a step themselves. He disclaims any partisan political motive — since members of both the Republican Party and the Democratic Party are on record as favoring precisely this legislation. It may, however, be taken for granted that this whole matter will be an issue in next year’s elections if the leaders of the unions are able to make it so.

The President of the AFL-CIO has lost no time in telling the wide world that he violently disagrees with the President and all other “anti-labor” individuals in the land, and in making it clear that he really wants no legislation at all on the subject, or if any, a law which could be counted upon not to interfere with what the unions want to do. Of course, he is against sin, and never loses an opportunity to tell the world about it. He boasts of certain steps his organization has taken to try to clean up the mess — but, of course, it is obvious that he is about as ineffective in the premises as could be imagined. He is, of continued on page 28

Unification — The Answer To the Railroad Problem

By THOMAS G. CAMPBELL
Director of Railroad Research, Allow & Co., Inc.
New York City

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Railroad economist notes indispensability of transportation by mechanical power to the translation of our various advances in production into higher living standards. Cites important part played by unification in the development of our railroad transportation systems; such unification being the result of many steps taken by responsible individuals. Defines the two distinct unification methods, with endorsement of proposal for unifying the 40 major carriers of the country into six systems. Asserts carriers’ basic major problem consists of their inability to cover railway operating costs on the basis of existing rate structures. Concludes unification would increase earnings on railroad equities bringing their market prices in line with public utility and industrial issues.

Transportation is dynamic. New and better ways of carrying goods and people have always met with acceptance and have always contributed to increasing the standard of living of the world. Improvements over the years have, however, been based on changing the form of transport. After the horse and oxen came the waterways; then the railroads and more recently the airways. From the Stone Age to the Atomic Age, the measure of any civilization and the economic well-being of any region was, and is determined by the cost, extent and efficiency of its transportation facilities. As transportation methods improve, progress is accelerated and costs are reduced. People live far more comfortably today than their ancestors did, solely and only because advances in transportation enable great numbers of people and all kinds of goods to be moved over any

Railroad Executives’ Views on the Industry’s Outlook

Chief officers of many of the nation’s leading carriers and suppliers, also ICC Chairman, in articles especially written for “Chronic,” outline their opinions as to prospects for individual roads and industry as a whole.

The “Chronic” is privileged to present today the opinions of the chief executives of a representative cross-section of the nation’s railroads and suppliers, also of the Chairman of the Interstate Commerce Commission, on the economic outlook for the industry as a whole and specific carriers. These articles, especially written for the “Chronic” begin herewith:

KENNETH H. TUGGLE
Chairman, Interstate Commerce Commission

The business recession between the Summer of 1957 and April, 1958 is now history, marking another short period of growing pains in the expanding U.S. economy. Recovery in national output has been spectacular, as evidenced by an increase of about $13 billion in the April-June, 1959 quarter to about $43 billion by a year which brings the magical figure of $50 billion well within sight.

With production graphs soaring to new peaks, and assuming early adjustment of the steel strike, it requires no crystal ball to predict a banner year for transportation. And with the firm determination of rail managers to improve the competitive position by new concepts of rate making, more automation, and accelerated technological advances in operating and maintenance facilities, there is sound reason for the belief that both the railroad and the automobile industry will enjoy substantial gains from this general economic growth.

For compelling reasons, well understood by government Continued on page 19

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GEORGE L. BARTLETT

Partner, Thomson & McKimson, New York City.

Morgan Guaranty Trust Co. of New York

Through the merger on April 24, 1959, of two famous institutions—J. P. Morgan & Co. and the Guaranty Trust Company—came into being the largest bank in the United States. Founded in 1844 and today with assets of $3.334 billion, the new organization is known as Morgan Guaranty Trust Co. of New York. This bank has total capital funds of over $200 million. It is among the largest of the banks in the country. How will it be appraised from the following:

The merger between Morgan Guaranty and the Guaranty Trust Co. of New York was consummated by the exchange of 4.4 shares of Guaranty Guaranteed Stock for each share of the Morgan Guaranteed Stock. Shares of new Morgan received 28.4% and Guaranty Trust 70.6% of the presently outstanding preferred and common stocks. On the basis of book values, it appears the exchange was valued at around $13 million. The exchange was free of connections and reputation. It was not too high a price.

Prestige and power are words that should not be loosely used, but in the case of Morgan Guaranty and Guaranty, those banks have them to spare. J. P. Morgan & Co., the grand old family institution, was founded in 1869 as a private bank and reached the pinnacle of its fame in the days of the great robber barons. The elder, who was the architect and "money man" of the organization, was one of the great mergers at the turn of the century, including U. S. Steel, the Hill railroad empire and many others. In those days of giants, he was, perhaps, the greatest of them all. Over the years, the Morgan bank had become a force in both national and international banking and finance. Even governments sought its help and services.

Guaranty Trust, founded in 1859 as the "Guaranty & Indemnity Company," grew from a modest $1,000 farmer and mortgage business in 1861 when new blood came into it. In 1929 it merged with the National Bank of Commerce and its nature expanded mightily. The latter, founded in 1855 by the then-famous financier, Jed Jackson, father of the Second Bank of the United States, which resulted in the further expansion. The charter of that institution in 1855 was granted to establish the "Joint Stock Bank," to which the Guaranty Trust now stands as a large bank in the country.

The activities of the Guaranty Trust Co. of New York in 1959 resulted in a profit of $8.5 million and an increase in assets from $1.9 billion to $2.7 billion. The company was created to carry on the Guaranty Trust business and in foreign and in foreign in Europe. French offices were established in London, Paris, Brussels, London, and Antwerp. A series of mergers and acquisitions took place in the following years. World War I caused difficulties and dislocations, but the bank weathered and a new period of Guaranty's charter was ushered in during the 1920s.

Merger of the Guaranty Trust and the National Bank was accomplished in May 1929. Guaranty Trust deposits by about 73%, and contributed heavily to its domestic and foreign volume. Neither the Morgan bank nor the Guaranty Trust banks were strong enough to handle the matter of fact, Morgan had no branches but it did have two subsidiaries—Morgan & Co., in Paris and 15 Broad Street Corp. in New York. These buildings adjoining its own famous corner in the heart of Wall Street owned a third interest in branch offices of Morgan Guaranty Trust Co. of New York, Guaranty Trust Co., however, has four branches, strategically located in midtown New York.

Before and during the 1920s Morgan Guaranty was a powerful factor in the making of a market, upon, preparation, and offering for sale of securities. It was not until the Guaranty Trust Co. of New York and J. P. Morgan & Co. of private bank, did not find it necessary. However, following 1929, a number of its subsidiaries were revealed by the depression and the crisis. The merger of Guaranty Trust and Guaranty Trust two companies separated from all member banks of the Federal Reserve System. Additionally, in 1934, the Guaranty Trust Co. of New York acquired and continued as its business security, J. P. Morgan & Co. elected to remain in bank. Of its own business, the Morgan Stanley & Co., the Guaranty Trust Co. Incorporated as J. P. Morgan & Co. Incorporated, in New York State. Combined operations of the banks would be under Guaranty's charter.

Although such investment banking may no longer be practiced by banks, the relationship of former years persists and many of the most important industrial and commercial figures of the country are directors of banks. This is especially true of the present Morgan Guaranty Trust Company. Conversely, some of the most Guaranty Trust top officials are directors of large enterprises. One way or the other, American Telephone & Telegraph, General Motors, Campbell Soup, Presidential Insurance, Consolidated Edison, and New York Stock Exchange, to name a few, as the saying goes, are so linked with this remarkable institution.

That should be, however, enough background and direction. After all, it is the future and not the past that counts today. Yet, as founding President J. P. Morgan once said: "I know of no way to judge the worth of a company except by the dividends paid to its stockholders."

Joseph Bancroft & Son Co., John G. Holubach, Manager of Research, New York, N. Y. (Page 2)

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A Vastly Expanding Market in the Years Ahead

By J. E. Fishburn, Jr.,
Vice-President, Bank of America, N. T. & S. A.

California banker anticipates an over-all 1959 GNP in excess of $480 billion and a 1970 GNP of $740 billion—a two-thirds gain over 1958 in constant prices. Assisting our current recovery, according to Mr. Fishburn, are: current high level of productivity, turnabout in greater capital spending, capital gains boost, consumer spending rise in durable and nondurable goods, and our need for local and state services to keep up with population growth. The banker also outlines the braking and unfavorable factors which we might expect a substantial further ascent despite the latter. Further, he speculates about trends in what it means for the hardware business.

It is doubtful if anyone can make a rough year of quarters and the things that are going to happen to our national economy over an extended period of time. With the type of economy which we have, the timing and the extent of major economic trends is a great dependent upon how the public chooses to dispose of its resources—in other words, the real answer lies with the retailers and their customers.

For this reason, I must take refuge in stating generalizations with a broad assemblage of national data if I am to say anything about the economic outlook. This procedure has some advantages of its own course of events, for the component parts of our economy normally fit together in a fairly regular way, and we have learned to a good amount of the factors that bring about a harmonious relationship between the component parts of our economy. These harmonious relations are upset in varying degrees during recession periods or during a depression.

In the recent recession we had some experience with disharmonious relationships. From all appearances, however, the recession is definitely coming to end, and although its memory is fading and we can look forward to at least another year of sustained prosperity, let's take the time to see where we've been and where we seem to be headed.

Recession and Recovery

The late recession has been characterized as our "shortest but not the shortest" postwar recession. Perhaps the best way to measure this is in terms of the total private and public spending in our economy of goods and services for plant and equipment for industry. This, now known as Gross National Product or GNP for short, fell about 5% from the third quarter of 1957 to the first quarter of 1958. Since then, however, the ascent has been rapid and almost 16% in one year from its recession low in early 1958 to the first quarter of 1959. First quarter growth, of course, reflects the recovery from the recession. As the economy regains operation at near full capacity, we may expect the expansion to continue at such a rate. Nonetheless, we can look forward to a good increase in economic activity over the next year, with the increase possibly running 3% for the next 12 months.

For 1959 at a whole we should attain a GNP in excess of $480 billion, more than double the all-time high and far above the $440 and $438 billion figures attained in 1957 and 1958 respectively.

The fact that we have recovered from the recent recession is no longer news. But some of the reasons for the recovery are still of interest because they may carry lessons for the future, and because we are still with us in some cases.

Reasons for Recovery

Some of the factors were responsible for the upswing occurring without any direct action on our part for this purpose. The increases in spending for highways, Federal payrolls, and social security are examples.

A wise government might have considered spending increases in these categories as useful in aiding recovery, but actually spending increases for these purposes have been far more scheduled for other reasons. Whatever the purpose may have been, the timing was fortunate in this instance. With the rise in the Federal Government action took to limit the spread of foreign capital in dollar assets, the Federal Reserve pursued an easy money policy, dropping the discount rate from 3 1/2% in the third quarter of 1957 to 1.75% in mid-1958. This policy encouraged a rapid decline of interest rates generally, particularly of short-term rates and money was available.

*An address by Mr. Fishburn, Jr., before the National Retail Merchants Association, Los Angeles, Calif., July 21, 1959.

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Who Has the Primary Role in Promoting Economic Growth?

By HON. ROBERT B. ANDERSON
Secretary to the Treasury
Washington, D. C.

As though deliberately timed to rebut current criticism by seven economists who declare the Federal Government is the only instrument to guide our economic career; and because the Administration's conception and position regarding our economic goals. He explains why the Government should limit itself to just fostering and facilitating economic advancement by providing price stability at a reasonable level; he asserts there is danger of inflation which requires tight credit, encouragement of savings, budgetary surplus and flexible debt-management; and rejects forcing growth via artificial government stimulants.

Our national economic objectives can be summarized under three broad headings: (1) controllability of employment opportunities for those able, willing, and seeking to work; (2) a high and sustainable rate of economic growth; and (3) reasonable stability of price levels. Each of these objectives is important; each is related to the others. The rapid upsurge in economic activity of the past 15 months provides an appropriate background for your study of these national economic goals and the best methods of achieving them. The recent returns in output, income, and employment to date is not merely a demonstration of the basic strength and resilience of our free choice, competitive economic system. Thus, we visualize the task with which the Joint Economic Committee is confronted not only as one of devising drastic changes in our techniques for achieving our economic goals. Rather, it is to evaluate, within the present framework of devices, the role of lasting toward the end of sharpening their use. There may perhaps be weapons not now in our arsenal that should be developed in the pursuit toward a high and sustainable rate of economic growth.

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The economy entered the second half of 1959 on a strongly rising trend, according to the August "Monthly Review" of the Federal Reserve's Board of Governors. A major source of strength to the economy since the start of the recovery, it gathered new strength this year with some new forces, including inventory accumulation, government spending, and residential building having been lost some of their expansionary push. Business capacity, though barely shown increasing.

The recent acceleration in consumer buying is attributable, the Reserve Bank of St. Louis indicates, to increases in the income-generating activities. The sharp expansion in home-building activity, in particular, has boosted employment and income in the construction industry and stimulated demand for a wide range of products to furnish and equip the new houses. Also, increased use of consumer credit has facilitated, and probably to some extent stimulated, the sharp advance in consumer outlays.

Higher spending has meant a substantial increase in real goods purchased since broad price averages have remained virtually stable during the business upswing. This has resulted partly because declines in prices for farm and food products have offset increases in some other lines. The overall price stability achieved in the past year is no cause for complacency, although it is encouraging the vigour of the advance that has taken place in the business activity.

The first article, "Inflation and Economic Development," finds that economic development through inflation may have been turned out to be an illusion. Far from encouraging increased investment in productive undertakings, inflation, the article says, has facilitated the speculative buildup of inventories, and overinvestment in land, dwellings, and foreign exchange assets.

The third article, in a series that began in June with a study of "Creeping Inflation," finds the social costs of inflation intolerable. It questions the theory that the economy is immune to inflation, the article says, and it finds that the speculative buildup of inventories, and overinvestment in land, dwellings, and foreign exchange assets.

The fourth article, "A Study of the Economic Environment," finds that the economy is immune to inflation, the article says, and it finds that the speculative buildup of inventories, and overinvestment in land, dwellings, and foreign exchange assets.
POLITICS VERSUS ECONOMICS

Can a democracy properly settle technical issues in the face of the always overwhelming political" politics? And should it? These
twopositions raise the question of whether the central bank should have. With the
Board's independence partially restored, the report on the question of how much politics is
present. Political considerations might enter the assessment of risk, or a series of actions
should be taken to address the extraordinary
low, or complete absence of, mar-
gins among buyers of Treasury
issues. The purpose, politically
neutral, is to provide guidance to
investors and ensure that the
market purchases of Treasury se-
curities. The issue as ex-
planted by the Congress is
whether it is a policy to save
the million dollars should be
advised. Congress has been
advised that this is not the
hand of the Fed. Like-
wise the Senate Committee
has been requested to look
after the public
financing of political
considerations.

And does the agitation in behalf of the Treasury bonds benefit politically from their
being held by the country's banks as a whole?
As Senator Bush urged, the
is the competitive market
guaranteed F.H.A. and V.A.
financing available to political
considerations.

The fact that the present Chair -
minted by the Committee, Senator
Paul Douglas, is a top economist,
and that the American Economic Association, makes
our pooling of the question regard-
less of what is happening in this
country. Because of his special
qualifications, along with his in-
tegrity, this legislative leader will
be playing the government secu-
rity's role, rather than the
Fed, defining inflation.

The underlying rift was brought
to the forefront by the "Survey of Congress" amendment that
tackled the issue of the high interest
rate but forewarned of the House Ways and
Means Committee, suggesting the
inflationary re-pegging of long-
term government bonds. The Fed, in
close cooperation with Congress,
from 1951 of such operations to the
short-term bills (the "Bills-
only Policy"). Attached by the
Treasury and the Board as an at-
tempt at Congressional (political)
interference, the expert tech-
nical management of money, a
watered down compromise has been
passed yesterday (Wednesday,
Aug. 12) by the House Ways
and Means Committee. One
mindlessly opposed by liberal De-

erarians. The compromise amend-
ment will have a hard time get-
ing through the House floor.

In the forefront of the debat-
e, as with the Federal Reserve in its
study of Government operations,
becoming a "second rate Treasury
issue.

The issue is whether the new
rise of the relevant
committees. The question is one of the chief follies recur-
cently engaged in by the invest-
ment community. The last in-
stance of conviction in the
market was the "rush of capital
dictates," but now the analysis for this week's drastic
market action is trans-Atlantic:
the Wall Street enthusiasts are
fitting the news' implications to
the simple fact that the buying
on the same market at succeeding
Peek to New York market, ever since the
Halloween-thrash days of the
latter 1920s, has appeared in the
of international capital
money, and has been a
market's data. If, as the
Fed, defines inflation.

The current linking of market
movements and the market's
without benefit of hindsight, is
chronically involved in不应
gantract from labor to crafty
ments (including Presidential
s, and the Board's
 aggressiveness, the Board's
outlook for Wall Street capit-
ality.  

ON DISCOVERING VALUES

At times of demonstration of public policy, there are in the
eological foibles of the market place, with its
covering of value of individual
security through Security Analy-

cal Data Corporation, public
is nothing wrong about politics;
that it is largely a "dirty
word." He further stated at the
start of the Hearings in New York
that Congress is willing and able
to regulate the Government secur-
ities market, if that is found nec-

nary. Under Mr. Douglas pol-
tics can travel to harmony with economics, but this situation ex-
uses the safeguard of a "margin
of safety," as do Benjamin Graham
and others, but in a different way.
While with some other analysts
is added by a cushioning of risk.
errors in calculating the appraisal.

The margin is specifically the margin of "true" or "independent value" above the market price. In the
case of bonds and government notes, the "margin of safety" is the de-
crease between the bond interest and the

The analyst (presumably along with Wall Street advisors) is reminded that "public relations-wise" he is more
portant in making buying
rather than selling decisions, because of the possibility of spec-
trading the price to even
larger over-valuation after a
statistically justified sale for
some emotional reason, an
advane in price after a sale causes
for more than does a market decline after a purchase.

The volume further offers spe-
cific valuable information for bal-
ance sheet analysis, inventory val-
eation in the handling of specific items
by either the author or the reader;
the investor-reader will gain con-

This double-standard in ex-
plaining market movements in terms of the market's
doleful view of Cold War easing,
the market's success, some
public relations angle: in being
exploited to prove the "war-

W. R. Mills Opens
BIRMINGHAM, N. D.—William R.
Mills is engaging in a securities and
business in the Wool-
worth Building.

With Keller Brothers
BOSTON, Mass.—Jonas Salt-
man is now with Keller Brothers
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has been named a broker for F. S.
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has been reduced to Warren

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Campbell as Director of Training in
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38 Wall St., New York City, was
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include the development of programs for management and
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Prior to joining Bache & Co., Mr. Campbell was associated with
Bache & Co., Inc., and management consultants.

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(Special to The Financial Chronicle)
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railway lines that much could be accomplished by a consolidation of the parallelising lines. A major consolidation, Northern Pacific, Great Northern, Chicago, Burlington & Quincy, and Spokane, Portland and Seattle, the latter two controlled by the Norths, seems to have been suggested, both because of complex consolidations and disparity earnings over the years. The major idea is that the Norths are looking into a merger, at least by the present time its success seems somewhat remote. It is agreed that such actions would go a long way to cutting costs, improving service and at the same time eliminate duplicating facilities. Studies of the proposed merger of the Pennsylvania Railroad and the New York Central were dropped by the Central early this year.

Rail management will be faced with labor negotiations with the unions shortly, since the current contract expires in November. The railway will be likely to bring up the subject of "featherbedding" and any changes in working rules certainly will be fought by the unions. These negotiations probably will be long drawn out, with any final agreement probably retrospective to July.

Most railroads have expressed satisfaction with the "Piggyback" movement and it is believed that truckers are beginning to object to the demands of this movement. But volume continues to increase. The majority of the roads feel that the development of this volume increases their profits from this source.

In view of the greatly increased efficiency of the majority of the roads it is felt that the time will soon come when traffic returns to normal levels that revenues will expand sharply.

Towell to Become V. P. of Alkow & Co.

On Aug. 20th, William I. Towell will acquire a membership in the New York Stock Exchange and will become a Vice-President of Alkow & Company, 275 Broad Street, North New Jersey, New York City, member of the New York Stock Exchange.

Two With Merrill Lynch

(Special to The Financial Chronicle)

RALEIGH, N. C., July 29 — Joseph J. Barrow and James F. Scott are now with Merrill Lynch, Pierce, Fenner & Smith Inc., 224 South Salisbury St., BOSTON.

Joines Bache & Co.

BOSTON, Mass.—Thomas Lamb Jr. has joined Bache & Co., 21 Congress St., and will specialize in municipal bonds and institutional sales.

Edna McKiernan V. P. Of First Mutual Secs.

The election of Edna F. McKiernan, the only woman wholesale bond dealer in the automobile industry, to be Vice-President of First Mutual Securities, Inc. of America, Inc. 635 Third Avenue, New York City, has been announced by William G. Dranoff, President.

In an investment of the company in securities throughout the United States and Europe Mrs. McKiernan has been responsible for dealer sales of 1907-year investment programs in Nucleonics, Chemistry & Electronics Shares, Inc., the tri-science growth fund, since May 1937.

In her new position, she will continue in her work of marketing the shares of Research Investors of which she recently became a mutual fund after being closed-end investment company for 17 years.

Master of three languages — Finnish, English and Korean — Mrs. McKiernan had a solid background in the retailing of mutual funds. Mr. Dranoff assigned her as the first woman to work in the industry. She has a long financial and business experience, including banking and brokerage firm activity. At one time attached to the advertising department of New York Times, she has also conducted businesses of her own.

Karkow Sec. of H. M. Byllesby & Co.

CHICAGO, Ill. — Richard E. Karkow has been appointed Secretary of H. M. Byllesby and Company, Incorporated, 133 South LaSalle Street, members of the Midwest Stock Exchange.

Morris H. Cohen Opens

BROOKLYN, N. Y.—Morris H. Cohen is engaging in a securities business from offices at 60 Court Street.

Form Edling-Williams

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Edling-Williams and Associates, Inc. is engaging in a securities business from offices at 614 East Grant St.
The railroads are just unlucky this year. Here they were all ready to market a扭转了路的

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Paul Brown Building, members of the New York and Midwest Stock Exchanges Mr. Oldendorph, who has been in the investment business for many years, was formerly in the trading department of Smith, Barney & Co., while Mr. Maginn has also been added to the staff of Jamieson & Co., Mississippi Valley Building, members of the Midwest Stock Exchanges First National Soo Line Building change.

White & Co. Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — PATRICK R. THOMSON is with White & Co., and I lam R. Peeters has been added to the staff of Jamieson & Co., Mississippi Valley Building, members of the Midwest Stock Exchanges First National Soo Line Building change.

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MUNICIPAL HOUSING AUTHORITY PUBLIC REVENUE BONDS EQUIPMENT PUBLIC UTILITY, INDUSTRIAL & RAILROAD BONDS INVESTMENT SECURITIES
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IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO NOW INTERESTED PARTIES THE FOLLOWING LITERATURE:

Air Express International Corp. -- Letter—Troester, Singer & Co., 74 Trinity Place, New York 6, N. Y.

American Bankers Association—Analysis—L. H. Rothchild & Co., 52 Wall Street, New York 5, N. Y. Also available is a study of Baltimore Chemical and Paint Corp.

American Meat Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on the Soybean industry with particular reference to the Archer-Daniels-Midland Company and Central Saya Company.


Bergson, Cohen, and Company—Analysis—C. E. Becker & Co., Incorporated, 69 Broadway, New York 4, N. Y. Also available is a memorandum on Specter Freight System, Inc.

Burlington Air Lines—Analysis—Heath & Company, 40 Exchange Place, New York 6, N. Y.

Canadian Mortgage—Analysis—Doherty Houseboat & Co., 75 Bay Street, Toronto, Ont., Canada.


Colgate-Palmolive Company—Analysis—Hayden, Stone, Co., 40 Wall Street, New York 5, N. Y.

Colgate-Palmolive Co.—Analysis in August issue of ABC Investment Letter—Annot, Saxer & Co., Incorporated, 159 Broadway, New York 5, N. Y. Also available is an analysis of Tennessee Gas Transmission Co., Kehr- Hayes Company, Cooper-Tire & Rubber, and Union Carbide. Also available is the current issue of Real Estate Bond & Mortgage Corporation.

Continental Oil Company—Analysis—Laid, Bissell & Meeds, 120 Broadway, New York 5, N. Y.


General Plywood—Study—Edwards & Hardy, 106 Franklin Street, Hempstead, N. Y.

General Electric—Analysis—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, III.

Geodetic Ltd.—Analysis—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y.


Harris Investors Corporation—Analysis—Kisker, Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Interchemical Corporation—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of the Textile Picture and Pullman, Inc.


Macco Corporation—Analysis—Leason & Co. Incorporated, 39 Broad Street, New York 5, N. Y.

National Cash Register Company—Memorandum—J. A. Hogle & Co., 49 Wall Street, New York 5, N. Y.

Oriental Insurance Co.—Memorandum—Fahnestock & Co., 135 South La Salle Street, Chicago 3, III.

Ohio & Michigan Coal Company—Analysis—Bowman, Cummings & Co., 74 Trinity Place, New York 6, N. Y. Also available is a monthly sales digest.

Pullman, Inc.—Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Reynolds Metals Co.—Memorandum—Woodrock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 6, Pa.

Scotts Oil Company—A Bulletin—The American Smelting & Refining Co., 45 Montgomery Street, San Francisco 6, Calif. Also available is a memorandum on North American Aviation.

Shearson, Hammill & Co.—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Shearson, Hammill & Co.—P. F. McDermott & Co., 42 Broadway, New York 4, N. Y.

Tratar Supply Co.—Memorandum—Mcdonnell & Co., Incorporated, 35 South La Salle Street, Chicago 3, III.


United States Life Insurance Company in the City of New York—Memorandum—Blair & Co., 145 South La Salle Street, Chicago 3, III.

Union City Bankers Association—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on Dohio Incorporated.

Whitehead & Hoag—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

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The Commercial and Financial Chronicle Thursday, August 13, 1959

Coming Events
INVESTMENT FIELD


Basis Club summer outing at Caledonia Country Club, St. Clair, Mich.

Aug. 19-20, 1959 (Des Moines, Iowa)

Iowa Investment Bankers Field Day at the Walonda Country Club.

Sept. 11, 1959 (Rockford, III.)


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. 21-25, 1959 (Milwaukee, Wis.)

National Association of Ezek Women 37th annual convention at the Hotel Schroeder.

Sept. 21-25, 1959 (Toronto, Canada)

Association of Stock Exchange Firm Registrars of Canada meeting at the Royal York Hotel.

Oct. 17, 1959 (Philadelphia, Pa.)

Consumers Bankers Association 39th annual convention at the Warwick Hotel.

Oct. 20-23, 1959 (Hollywood-By-Sea, Fla.)

National Association of Supervisors of Investment Companies annual convention at The Diplomat Hotel.

Oct. 25, 1959 (Cincinnati, Ohio)

Ohio Group of Investment Bankers Association annual fall meeting.

Oct. 25-28, 1959 (Miami Beach, Fla.)

American Bankers Association Annual Convention.

Nov. 1-5, 1959 (Boca Raton, Fla.)

National Security Traders Association Annual Convention of the Boca Raton Club.

Nov. 29-Dec. 1, 1959 (Bal Harbour, Fla.)

Investment Bankers Association Annual Convention at the Miami Beach Hotel.

April 6-7, 1960 (Dallas, Tex.)

Texas Investment Bankers Association 25th annual meeting at the Sheraton-Plaza Hotel. With Lee Higginson

Lloyd A. Brickman has joined Lee Higginson Corp., 20 Broad Street, New York city, members of the American Stock Exchange, as a registered representative, it has been announced.

Sutro Bros. Apost

Sutro Bros. & Co. announces the appointment of Albert R. Albert, formerly with Hirsch & Co., as Manager of its office at 29 West 54th Street, New York City, Arthur Wellkow has been appointed Assistant Manager.

With Eastman Dillon

PHILADELPHIA, Pa. — Eastman Dillon, Union Securities & Co., Philip B. Sutro Building, announced that Charles Gesing and William L. Chapman, III, have joined with them as registered representatives.

With Fahnstock & Co.

(Special to The Commercial and Financial Chronicle)

CHICAGO, ILL. — Frank C. Clough is now affiliated with Fahnstock & Co., 135 South La Salle Street.

N斯塔 Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will start its fall convention with the City Hall Bowling Center, 280 Park Row.


New York Security Dealers Association

74 Trinity Place, New York 6, N. Y.

(23)

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Teleype NY 1.376; 377; 378
Do We Really Want To Stop Inflation?

By DR. E. SHERMAN ADAMS
Deputy Manager in Charge of Economic Policy Commission
American Bankers Association, New York City

Banker's economist asseverates there is no one villain in the inflation picture—we all are in it. In blaming ourselves, Dr. Adams describes what we are that discontinue a view of inflation wherein we oppose it in the abstract but at the same time do those things that in the aggregate add up to inflation. The economist places great stress on the absence of our will to stop inflation; management, and sustained educational campaign which would emphasize not only a better and wider understanding of the problem but also the things that need to be done; and he suggests strategic groups, data, and forth that abolish this no small matter of motivation. Charging that our most important problem is economic growth without inflation, Dr. Adams says the fateful question is whether our American capitalism is strong enough to make it happen.

When I was in Europe two years ago, I made a special trip to Frankfurt to call on the distinguished German central banker, Dr. Wilhelm Vocke. Here was an outstanding leader who had contributed enormously to stopping the German inflation and producing the "miracle" of German economic progress in recent years.

My mission was to persuade him to come over to the United States to tell his story here. Surely there must be important lessons for us in his experience.

But Dr. Vocke hesitated, partly because, as he put it, he would do "nothing to tell" as he termed it. He explained:

"There is no mystery about the things that must be done in any country to stop inflation. The question always is whether there exists the will to do them."

So I urged him to come to the United States to tell that message—and that is what he did.

Dr. Vocke is oversimplifying, of course, but he did so to emphasize a basic truth; namely, that no country can avoid inflation if they are really determined to do it. It is a question of the willingness to take the actions which must be taken to safeguard the value of their currency.

So, with all our talk these days about inflation, perhaps we should consider whether or not we Americans have the will to stop inflation. We are in a price stability enough to do the hard things that would prevent further erosion of the American dollar.

This is clearly a loaded question. It presupposes a number of propositions, specifically the danger of inflation is not over, (2) that inflation is at worst, and (3) that the inflation threat is not serious for our place in the world, since we have no one group to blame for our inflation, we have no answer to the central theme in inflation, and (5) that there is no easy solution to the inflation problem.

Each of these five premises is being questioned by some people at the present time. Let us therefore consider whether they are valid.

The Illusion of Price Stability

First, is inflation already extinct? A close inspection of the inflation of the past two decades occurred during the war and post-

*An address by Dr. Adams before the Southwestern Graduate School of Business, University of Texas, Dallas, Texas, July 29, 1959.

 financial operations of the Federal Government have continued to be an inflationary threat over the years ahead.

The same is true of the wage-price spiral. Here too, there have been some signs of improvement for the past six months. But here, again, the basic problem remains unsolved. While the spot-light of public attention has been focused on the steel industry, wages, costs and prices in the construction industry and elsewhere have continued to escalate upward without abatement.

Other inflationary biases in our economy could be cited, but these two are enough, I think, to validate our first premise. There will doubtless be some periods when we shall be chiefly concerned with the problems of recession. However, the long-range threat of inflation is by no means a thing of the past.

The Blessings of Inflation

The next question is whether inflation is really unbearable. Are not rising prices normal for a prosperous economy? If we try to stop inflation, we fear not more harm than good. Here are some excerpts from a recent article entitled "The Blessings of Inflation":

"We would be very fortunate indeed if we could avoid the blessings of inflation in the next 20 years as thoroughly as we have in the past 20. We know of no period in any country's history when a consistently rising level of production has not been accompanied by rising prices. Should we stabilize prices at the expense of production? Some economists of the mousseback variety say so, but they are a dwindling minority. . . ."

Unfortunately, these sentiments are widely shared, at least partially, by people in many walk of life—including some who pay attention to inflation directly. If we feel that it has been happening over the recent years in inflation, then let's have more of it.

Now it is perfectly true, of course, that most Americans have never had it so good. But there is another logic nor evidence to support the absurd assumption that this has been due to inflation. Living standards have risen because of the rising productivity of the American economy, a phenomenon that has characterized our entire history.

It is also true that prices have frequently risen during periods of prosperity. But it is just as true that inflationary booms have usually led to serious depressions that we refer to as the "pain of prosperity." Indeed, this sequence is so familiar that the phrase "boom-and-bust" is almost a word in our vocabulary.

Therefore, it is not necessarily true that there have been no periods of prosperity without inflation. From a historical point of view, a good example is the long period of relative prosperity, rising employment, and the return to currency convertibility in 1879.

A more recent example is Dr. Vocke's Germany. Of all the major nations of the Free World, West Germany stands out as the one that has achieved both the greatest degree of price stability and the most rapid rate of economic growth. In fact, Dr. Vocke, who was there, has no doubt whatever but that if inflation had not been stopped, this phenomenal growth could never have been achieved.

To be sure, there are a few economists—definitely a small minority, despite the headlines they get—who contend that these are the lessons from the history of our own country, and that they do not apply to the present-day economy of the United States. But the great majority of competent economists agree that a dwindling minority of moussebacks—rejects this defeatist notion. In the long run, the objectives of price stability and economic growth are certainly compatible, and perhaps even inseparable. There is no need, or even excuse, to settle for one without the other.

Why All the Excitement?

But is the inflation problem really a matter of serious concern? After all, we've had quite a lot of inflation and it hasn't done most people much harm. And a certain portion of our economy is stronger and more productive today than ever before. Indeed, the excitement!

First and foremost, our economy has not become depression-proof. At this stage of economic history, we are economy which is not entirely entering another, and perhaps the final phase of one of the longest expansionary periods in our history. This may be the most dangerous boom we have had. Indeed, several of the familiar danger signals are already visible: a speculative stock market, real estate

Continued on page 32

Do not hallucinate.
A Case Study of the First Variable Annuity Program

By Dr. Robert M. Soldofsky

Associate Professor of Finance

State University of Iowa, Iowa City, Iowa

Comparing the first and presently largest variable annuity program (July 1, 1952, to July 1, 1955), both the College Retirement Equities Fund and the Teachers' Insurance and Annuity Association, failure to consider annuities for the

inductive approach as an argument for the former; whereas the risk of fluctuation in the monthly payments; and urges insurance companies not to cease their anti-inflation light since

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Atomic Energy Versus Coal

Atomic Energy Versus Coal

By H.C. ANDERSON

Atomic Power Equipment Department, General Electric Co.

Atomic equipment foretells coal growing fourfold by 1975 so that it would provide fuel for 80% of electric power as against present 70%. On the other hand, he sees atomic fuel industry growing 40 times its present size but will contribute but 10% of fuel as against 90% now.

Thus, he agrees with the coal industry that atomic energy will not replace coal to any substantial degree for some time in the future.

One of the peculiar characteristics of the atomic energy industry is that long range forecasting is somewhat easier than that for coal, and the ultimate economic and political picture that can be obtained through the statistical studies of which the coal budget keeps. With these, knowing the relative predicted capital cost of a conventional generating capacity and the nuclear capacity, fairly accurate estimates can be made of the long range economic demand for nuclear power in the country. The short-range market, excepting political and military, must be estimated from such influences as governmental prestige, political considerations, and, of course, like. The short-range domestic economic demand for atomic energy can be predicted with extreme accuracy—it prevails in all industrial countries. There is no such effort to create an atomic industry now, when the political situation is necessary to our economy for some time in the future.

Three compelling forces of international significance make an atomic industry vitally important to our national security.

The first is the fundamental impact of atomic energy on the world balance of power. Our political and economic leaders and military security, depend upon the technological leadership of atomic power—that continue to advance the present position. The second internationally significant force is the force of world opinion. International prestige gained through a nation's more spectacular technological advances can and does shift the important tides of world opinion—strengthening or weakening the free world's prestige in the eyes of neutral nations.

The third force that demands atomic acceleration is the competition for allegiance of underdeveloped nations through technical and economic inducements. The least spectacular of all industrial prizes possible for this aid is atomic power.

Recognizing these reasons, industry and the public have urged governmental enactment making determined efforts to speed the development of atomic energy of any company, for example, has developed a program to achieve complete coal and atomic power for a carbonless power plant in about seven years. One of its basic foundations is the completion next year of the 50-kilowatt Electric of the Dresden Nuclear Power Station, for the benefit of the Illinois and the wealth Edison Company of Chicago and the United States. This completely publicly funded project will be the world's largest coal and atomic power plant. With the completion of the overall program in the late 1900's, there will be enormous demand for nuclear power plants in the higher fuel cost locations in this country.

Atomic Energy Versus Coal

FROM WASHINGTON

AHEAD OF THE NEWS

BY CARLISLE BARGER

When Vice-President Nixon arrived at the Washington Airport on his recent trip to Latin America, there were two busloads of Senators there to meet him. The Senators had a definite purpose in mind for the occasion.

The following day when he returned to President Johnson and Mansfield and others, and then the Senate led by Johnson filed by to shake hands with him. It is ironic that a man who made his way to political fame by attacking Communism is now being so signalized by honoring him to Russia and met Khrushchev and poured the way for Khrushchev visit over here to be followed by President Johnson's visit over here to Russia. In other words the man who has been called anti-Communist is now cashing in on bringing the two countries together.

Nixon first came to Congress by defeating Congressman Jerry Voorhees by charging that there should be a complete disassociation of Catholic, that he played ball with them. Then he defeated Helen Gahagen Douglas of the Senate on the same charge.

He is the man, more than any other single person who was responsible for Algeria Hiss's conviction on charges of perjury with the result of Communist confessions. Indeed, he campaigned against the Democrats in 1952 and 1958 on charges that they were soft on Communists.

In the 1956 campaign Adlai Stevenson made a suggestion that there should be a rapprochement between the United States and the Soviet Union. Nixon countered with the charge that the Democrats would never learn, that they had been hoodwinked by the Communists at Yalta, Potsdam, and in Berlin so that they were going to try to sell the people on the idea. They then said they could get along with them, the Republicans contended.

There are many keen observers who believe that Nixon has thrown away the golden opportunity that the Republicans had. There is not the slightest talk of the Democrats using the opportunity to let the Republicans talk on Communists in the forthcoming campaign.

The way things are going at present, however, the Republicans won't need such an issue. Public opinion polls show Nixon running 75% over Rockefeller's 25% for the nomination. If the conventions were held tomorrow the Republican nominee would be. At least two Democratic leaders have changed their opinion and agreed that Nixon would be the hard-line Republican to beat. They had been saying he would be the extinct.

Everything will depend, of course, on what the results of the Khrushchev-Eisenhower exchange of visits will be. If they turn out to be proof of the Nixon-Khrushchev theme the Nixon campaign has said that it should be returned to the people. Nixon is sure it will be very good.

It is hard to see, too, how there can be anything but a tremendous disillusion. There seems to be not one political concept on which common ground can be reached. Khrushchev is a great showman. He will not say the improper thing or do the improper thing to win the man who has a rather a clever personal style. But when it comes to reaching and agreement it seems to be entirely out of the picture.

We cannot accept the status quo in Eastern Europe. And Khrushchev is not going to change that. There may be an agreement to curtail or moderate of each other, across the seas. Then does this mean that we would disarm? But the agreement on disarmament would have to carry with it provision for a mutual inspection system which the Communists so far have resisted.

Khrushchev is back down on his boast that our sons and daughters will come to live under the Communist system and will be able to quit propagandizing to the world.

Of course, no agreement is to be expected before the Khrushchev-Eisenhower meeting. It will be down to the wire then. But the whole world will be held in suspense as the Russians make plenty of hay about the forthcoming peace. It is beautiful, though, if a summit conference could be postponed for that long.

In the meantime, though, young Nixon is certainly riding high. There are a few dissenters but the great majority of the American leaders think that a possible road to peace in what he started.

B. M. King to Be Schneider Bernt V.P.

AUSTIN, Tex.—B. Mayo King on Aug. 29th will be elected Vice-President of Schneider & Bickman, Inc., members of the New York Stock Exchange. Mr. King, a native of Texas, is the Austin office, Brown Building.

Wallace Forms Corp.

CAMILUS, N. Y.—Warren. B. Wallace Corp. has been formed with $250,000 capital. Drive to continue the securities business of Warren B. Wallace. Mr. Wallace was a member of the New York Stock Exchange, Treasurer; Helen L. Carter, Vice-President; and Malcom B. DeCosta, Secretary.

Form Greater NY Investors

BROOKLYN, N. Y. — Greater New York Investors has been formed with offices at 79 Linden Boulevard to engage in a securities business. Mitchell Garfinkeil is a principal of the firm.

Jack Friedberg Opens

CHEYENNE, Wyo. — Jack B. Friedberg is conducting a securities business from offices at 216 West 19th St.
British Investors Switch To The Bull Side

By PAUL EINZIG

Einzig reports disappearance of investors' pre-election nerves, with present anticipation of a Conservative victory. Big increase in Prime Minister Macmillan's popularity, because of business revival without inflation, and credit for new film for him at the Empire in London's Canary Wharf meeting.

Some clouds on London market's horizon, in the form of worry over the American stock market, and the stable domestic price level with potential for inflation, which looks for market rise both before and after the election.

LONDON, Eng. — Until a few weeks ago the prospects of an augmented Conservative party were the most important bear point that restrained a boom on the London Stock Exchange, which appeared to be justified on economic grounds. Now the virtual certainty of an autumn election has come to be considered a bill p.p. for pre-election nerves since it has not appeared to be. The explanation is the disappearance of investors' pre-election nerves, with present anticipation of a Conservative victory. Big increase in Prime Minister Macmillan's popularity, because of business revival without inflation, and credit for new film for him at the Empire in London's Canary Wharf meeting.

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Khrushchev’s Visit and the Cold War

BY ROGER W. BABSON

Mr. Babson suggests the international fishing industry as possible opening wedge in ending the Cold War. Close security and protection accompanying U. S.-Canadian boundary line, and maintaining a really important peace an international language sponsored by UN.

My dream is that the fishes of the sea might be a connecting peace link between Russia and the United States. The ocean is the only area between nations which is recognized as free and equal to all nations. This is not only according to international law but also according to custom extending over a hundred years. Therefore, I have felt that the international fishing industry might be the opening wedge in terminating the “cold war.”

Leading Fishing Ports

In view of the above, I have been making a study of the fishing industry of the United States and Russia. There is not much conflict between us and Russia on the West Coast, as our principal catches are salmon and halibut. The conflict on the West Coast is between the United States and Japan. Our main fishing port on the Atlantic Ocean is Gloucester, Mass., which is now taking in over $300,000,000 pounds a year at a valuation of over $15,000,000 per year.

At present, Iceland is exporting considerable fish to the United States. There are demands in New England to erect a tariff wall against Icelandic fish. Various requests have been sent to Washington which President Eisenhower has wisely refused. He explains that we are very dependent on Iceland, Portugal, and other fishing nations for bases and airports. These we must maintain; we would be greatly handicapped if these nations made us move off in retaliation for increasing tariffs against them.

Our Canadian Policy

One of the world’s most important examples of friendly mutual protection is the boundary line between the U. S. and Canada. Although it would be very easy for either one to attack the other, there has never been a suggestion that such might even be considered. Yet there is no military defense or offense between the two countries. A U. S. merchant ship, no matter what its destination, can stop anywhere in Canada and Canada can stop anywhere in the United States. It is a very important if the radio codes are to function properly. Real world peace must have some sort of international language, such as Esperanto—which would be sponsored by the United Nations.

Fishing Ports in Russia

We all know the big fishing ports of the United States, but are not so well acquainted with the ports of Russia. At the east end of the Gulf of Finland the leading port is Leningrad (Petrograd). The only Russian port that is open all year is Odessa on the Black Sea. I have been trying to get figures from Odessa, but have been told that I can get them only by going there in person and giving the Russian Fishing Commission, in exchange, certain figures which apply to this country, and especially to Gloucester.

The population of Odessa is over 600,000, and is growing rapidly. Nearby is the City of Yalta where President Roosevelt had his last very important conference with Stalin. A photograph of them at this conference shows that President Roosevelt must have been quite ill. This may explain why he permitted us to get into the Berlin mess and give the Russians all that portion of Germany which surrounds Berlin. This is now known as East Berlin.

The above explains why I am planning to leave here next month for Sweden and Denmark. At Copenhagen I will be the guest of Mayor Urban Hansen and will get data on northern Russian fishing ports. Then I shall go to Berlin and to Odessa and secure data on the fishing of the Black Sea and tributary rivers. I, however, will travel only as the “Gloucester lobsterman and fisherman” and not in any political capacity. I will report my conclusions to readers through this column when I return in November.

With Dick & Merle-Smith

Harold Palmer has become associated with Dick & Merle-Smith, 48 Wall Street, New York City, members New York Stock Exchange, in the firm’s investment trust department.

Mr. Palmer’s previous experiences in the securities field includes specialization in investment counsel activities.

If you’re interested in product mix

Republic Steel has a particularly interesting 23 percent

Of all the steel consumed in this nation, 66% is consumed in the area from Chicago to the East Coast, north of the Ohio River.

Of all the steel Republic Steel makes, 67% is consumed in this same area.

About 10% is produced and consumed in the South. This leaves 23% produced in the northern heartland but shipped out. This 23% is composed of such items as: oil country goods, stainless steel, coated sheet products, line pipe, specialties, alloy steels, cold finished bars, farm fence, fasteners, and titanium. These, and the others in this 23%, are items which due to high value can be shipped long distances, profitably.

This results from Republic Steel’s long range planning and commercially researched product mix.
Taking the Necessary Steps to Control Inflation

BY HON. FRED SCHWENGEL

Congressman declares that if his colleagues are unwilling to adopt explicit declaration in favor of price stability, as an amendment to the Employment Act of 1946, it would be interpreted an indication of our unwillingness to take the necessary measures to prevent an inflation. I maintain there is no easy answer, but the real and monetary steps to take, Rep. Schwengel favors, are the steps that the Fed and a tax policy designed to achieve budgetary surplus in good times. As for other anti-inflationary programs, the House of Representatives on Thursday, August 13, 1959, to take these

In recent weeks, I have ad
dressed myself to the system of creeping inflation—its causes and its impacts. Today, I shall turn to the question of what must be done to contain the forces of inflation.

We will not begin to make progress in reducing inflation until the public becomes more fully aware of the seriousness of the situation. It is only then that the public will insist that measures be taken to deal with it.

It is very natural to be complacent in times of prosperity, especially when they are accompanied by budgets in surplus, high level of employment, and a widespread optimism. The public may be concerned about a rise in the price level. There is a tendency to think that whenever business activity is expanding, wages are rising, profits are mounting, and the stock market is soaring to new heights! Many have even come to think that a free enterprise system cannot maintain a vigorous rate of growth without a continuous upward moving price level.

It is increasing evidence that more and more of our people are exhibiting a growing concern over the problem of inflation. I am not thinking of that relatively small group of persons turning to the stock market as a hedge against inflation. The fear of inflation is likely to be dissipated since increasing speculative activity on the part of those who have been unable to deal with the problem.

The people that I am talking about are the millions who are not caught up in the gyrations of the stock market, but who place their hard-earned savings in insurance policies, pension funds, savings banks, etc. There are millions of them who are likely to be disillusioned since increasing speculative activity on the part of those who have been preoccupied with the problem and who have been unable to deal with the problem.

There is a growing realization of the fact that inflation is a basic threat to the existence of the free enterprise system, that it is a basic threat to the existence of the free enterprise system.

We are now before the Congress. The problems presented by members of both political parties, that seek to amend the Employment Act of 1946, open the issue of whether we can make the system explicit the objective of a reason. A new form of monetary policy has been proposed, different in its theoretical language. But the policy can be described in general terms.
Featherbedding: Pitfall on the Path of Progress

By J. HANDLY WRIGHT
Vice-President, Association of American Railroads
Washington, D.C.

Railroad executive, mindful of labor negotiations looming up in the near future, has seen the cost of "make-work waste" and has turned to weathering the storm about this issue. He explains why real optimism exists for rail service improvement, as he puts it, "this unconscionable millstone" is lifted off the necks of the industry—despite other unsolved problems. Mr. Wright tells the industry is willing to have any qualified public group examine and help solve this problem; recalls labor's refusal to have a study of the work rules made by a Presidential Commission; and outlines what should be done to keep the public informed of the facts.

For the past two months or so, a great deal of public attention has been given the developing labor problem in the basic pattern-setting steel industry. Three months ago, a group of 500 dark-helmeted gentlemen met in a mammoth modernization program, without which railroad executive

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LABOR: The diversified industry of the area assures an abundance of skilled labor. 5000 commuting workers pass this site on their way to jobs in Toledo.

WATER: Before the steam locomotives were replaced by diesels, C&O built a 10-inch pipeline from nearby Lake Erie, and a 50,000 gallon per day softening plant. This capacity is now available and could be expanded without limit. Natural gas and electricity are available.

For full information about this or many other desirable industrial sites in C&O territory address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, W. Va.

Telephone: Jackson 3-8573.

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TRANSPORTATION: Right alongside Chesapeake and Ohio's Ottawa classification yard, with fast direct rail service to and from markets and supply sources. U.S. Routes 24 and 25, main highways between Toledo and Detroit, lie on either side, 15 miles to the Ohio Turnpike, 10 miles to downtown Toledo and dock area.

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The Market...and You

BY WALLACE STEETEE

The summer rally in the stock market bumped into definite resistance at 80. The strength was marred by a sharp break that was clearly the roughest in a year and, by some measurements, the worst since February. With only three weeks to go to Labor Day, it was most uncertain whether the rally would be able to mount a new assault on the record peak posted more than two weeks ago by industrials. There were some rallying tendencies after the climactic selling wave that started off the week, but these features were sharply lower turnover and a pronounced contraction in the breadth of the list. The picture was less clear after the technical rebound only, leaving it up to the market to indicate its future course in time.

No Clearcut Explanation

There was no clearcut item in the news to blame for the downturn at this particular time. Brokers had been advised to lighten up on electronic, rocket and aircraft shares in case the exchange decided to call a temporary action to protect paper profits built up during the summer season. In any event, the sharp sell-off was probably much shruged off in financial circles.

Even apart from defense emphasis, aircrafts particularly had some sad news to tell. Stockholders were receiving earnings statements and dividend actions. Douglas was recently forced to omit its dividend and United Aircraft to pare its payment this week. This is hardly the fuel that paves the way to any bull swing by brokers. And on a peak.

Electronics also had been run up to where they were discounting good news far ahead and were vulnerable to profit-taking since they had definitely pumped into enough opposition to make them lose 20 to 40 points from their peak prices even before the market broke.

Money Supply

Stocks that have held the general market swing, quietly for the most except that the steels came in for some obvious selling when the list was reduction, but it certainly wasn’t too likely with the mills still shut down and, apparently, going to be in some time to come.

Resistance by the Can Ions

A neglected group of stocks that was still selling were the can stocks, in part because they had been pressed sharply for the year earlier and sharp price cuts were made in their wares. The fear then was that profits would be made out of the large price cuts helped return business that had already been rallied away and both American Can were able to show sales increases of 9 and 7% respectively. And both showed good profits in the first half of the year on the increased volume, signifying that they had made strides in their efforts to improve from fabricating their own containers.

Oils Still Ignore Better News

Oils are also, despite some recent study, a group that has done little enough to reflect the good news currently on the record, much less any further expansion in profits such as seems assured in some cases that in that. The gas companies, meanwhile, have been fairly popular, in part because of the rapid production of such as Cities Service, or even Cities Service’s important stake holdings in Richfield Oil and Arkansas Fuel Oil. Cities Service so far this year has held in a narrow trading range of a dozen points and has been available at a price nearly a score of points higher than last year. Richfield Oil is another in the section that is considered attractively priced and with dividends the approaches 5% at recent levels. It has also moved rapidly from a spread of 50 points up in the last year. Has, in fact, been available at less than book value most of the year. It shares, with Cities Service, a stock interest in Richfield Oil and also a large interest in Texas Pacific Coal & Oil. Its holdings in Louisiana, as the seventh largest oil company in the country. Earnings projections indicate that the dividend will be covered half again over this year and show a good improvement over last year’s results.

Machinery and Electrical

Allis-Chalmers in the machinery section is an item that also has struggled along throughout the year. To some degree the poor earnings so far this year have been responsible for lack of interest on the part of the stock in a 16-point range. But a good part of the earnings trim was due to a strike that lasted nearly three months early in the year. Since then it has been participating in the cyclical rise in all equipment generally. It is also an item that has been available at around book value for some time and in improving there is a likelihood that the halved dividend will, in time, be restored to the old 64 cents quarterly.

Feeling toward Allis-Chalmers has also been restrained by the price it commanded by electrical engineers instituted by General Electric, and GE itself has not been affected by put down as a government list among the top handful of giants of American industry and it, too, has held in a very narrow range during the volatile markets of this year.

The lead on heavy duty equipment is such that last year, when its other lines turned down because of the recession, the heavy equipment covered its three years ago and finally completed during 1958 helped offset GE’s sales and profit the following year. The margin has paid little attention to GE’s important standing in electronics while other prime electronic shares built up to double or more the 1959 lows. GE is also spreading out rapidly as a computer output for defense. Recently, however, it has been moving higher and higher in this field. The company, consequently, has its followers who value the stability of this industrial giant which could show an accelerated rate of growth as some of its new developments take hold.

A High-Yielding Rail

The high-yield items still include many of the quality rails, such as Nickel Plate which suffers from steel but has been good in controlling its costs to keep in the black during such periods. The yield of Nickel Plate and Continental Can, to give it the official title, was 6% at recent price levels. This is another item that has been under a good deal of 1959 range coming to only a shade over five points. Despite the sharp drop in traffic and through traffic, it appears that earnings should be adequate and by management estimate should show this year some $1.50 more than the $2 per share required for its payment.

([The views expressed in this article may not necessarily reflect the views of those of the author only.])

H. C. Watson Co. Opens

LOS ANGELES.—Robert C. Watson is engaging in a securities business from offices at 6462 West 86th Place under the firm name of Hugh C. Watson Co. Mr. Watson, who has been living in Chicago & Co., was elected to the Board of Directors of The First National Bank of Chicago, July 11, 1959. He was in Washington, D.C., as a member of the W. B. H. Branch Bank, State Bank, Hancock County, Ind., and the Mohawk State Bank, Hancock County, Ind., which were incorporated under charter of the First National Bank of Matus and new title The First National Bank and Trust Co. of Hancock County, Ind., was transferred to the former location of the First National Bank and Trust Co., effective Aug. 1, 1959. An official of The First National Bank of Matus will be operated as a branch by the continuing bank.

Consignations News

News about New Offices, ETC., ETC.

The Commercial and Financial Chronicle... Thursday, August 13, 1959
The Railroads in the 
Event of an Emergency

By DAVID P. LOOMIS
President, Association of American Railroads

As the principal reason for the carriers’ potential difficulty in meeting the demands facing them in another emergency, Mr. Loomis cites the government policy that artificially restricts their ability to compete, while giving enormous assistance to their competitors. Offers following recommendations on behalf of the industry: (1) Removal of the special restrictions on the roads from engaging in other forms of transportation; (2) Adequate pay from public users of transportation facilities; (3) Repeal of the agricultural commodities exemption for motor vehicles; (4) Permission to the roads to set aside non-taxed reserve funds to buy new plant and equipment.

Stresses desire for equal and fair treatment, not charity.

Why are railroads not better prepared to meet the demands that would befall them in another emergency? There are many reasons but the principal one is government policy that gives enormous financial and other assistance to railroad competitors while artificially restricting the railroad in their efforts to compete on the other. As is indicated in the several tables appended to my prepared statement, Federal, state, and local governments combined have poured into domestic transportation facilities tax funds amounting to some $150 billion. Of this amount, it is an ironic fact that the overwhelming part by far (nearly $150 billion) has gone to provide a means of transportation in the four years of World War II, when it was most needed, accounted for actually fewer ton-miles of transportation on the average than it did in the years just before the war. I refer, of course, to highways—produced only 58 billion ton-miles of freight transportation service in 1944 as compared with 81 billion ton-miles in 1941.

While there is disagreement as to the precise amount that has been recovered from users of publicly provided facilities in direct user charges, there can be no disagreement that these vast expenditures of public funds constitute a distinct advantage for carriers of other transport modes and a severe handicap for the entirely self-supporting railroads. This, in fact, was a principal conclusion of the Interstate Commerce Commission in its recently completed investigation into the railroad passenger-train deficit. The Commission said in its report:

"The impetus given to motor and air travel by Federal, state and local government promotional programs has unquestionably operated to the disadvantage of railroad passenger service. Vast highway, airport and airway expenditures and programs precipitated upon anticipated public needs which are now underway, as well as a policy for continued subsidy to air carriers, offer little solace to an industry which is dependent upon private resources and which has witnessed the gradual erosion of its passenger market. It is not suggested that such programs are not meritorious and desirable in the public interest, but the fact is they do exist; they will in the past, have a pronounced impact upon the railroad passenger service. Yet, there is little evi
dence of any comparable governmental effort to promote the public interest in railroad passenger service or to prevent or to take into account competitive inequalities that may be induced by such promotional programs."

The report concluded:

"On this record, we are convinced that inequalities exist which discriminate against rail carriers in their attempt to meet the public need for rail service at equitable charges."

No useful purpose would be served by giving here a detailed picture of all the things being done by government to promote forms of transportation other than railroads. They include, however, the vast and costly project of the OECM, such as the Federal Highway Fund, the St. Lawrence Seaway Project, River and Harbor Projects, Air Navigational Controls, etc.

Inconsistency of Defense Department

Another reason for the relatively unsatisfactory progress made by railroads in preparing for their defense role is that Department of Defense policies as to allocation of military traffic among the several forms of transportation in time of peace are inconsistent with its predominant reliance on railroads in time of war. Speaking of this inconsistency in routing of military passenger traffic, the Commission said in its report:

"The record discloses that the railroads handled approximately 97% of all organized military personnel movements during World War II. Although the Department is unable to state the precise extent in which it would rely upon the railroads in future emergencies, it would rely upon them for a great proportion of its needs. The Department would also rely exclusively, insofar as passenger train service is concerned, on locomotive power financed out of the earnings of and private capital invested in such railroads. It would also rely on employees trained at railroad expense to conduct the transportation. In these circumstances, we cannot agree with the Department that the distribution of military traffic on bases other than costs would in effect be a hidden subsidy and an improper use of appropriations. We urge the Department of Defense in selecting the means of transporting its military personnel to place appropriate emphasis on the means upon which it will rely heavily in time of emergency."

Although the Commission’s investigation dealt only with the passenger service, the same reasoning presumably would apply to Department of Defense policies as to the movement of goods.

The ICC report also listed several other factors contributing to the passenger-train deficit, among which were:

2. Ibid., p. 102.
3. Ibid., pp. 91-92.

*From a statement by Mr. Loomis before the Subcommittee on Agriculture of Transportation in Event of Mobilization, Road and Rail Transportation Committees, House of Representatives, July 31, 1939.

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The Railroads in the Event of an Emergency

The continuance of the Federal excise tax of 6% on vehicle travel in-ereits the need for federal equitable tax policies of state and local governments as applied to railroads on the one hand and competing forms of transportation on the other, and outmoded rules and practices governing the work and pay of railroad employees. Others cause not mentioned by the Commission include government regulation that severely restricts railroads the right to use their own interest in the competition for traffic; that denies railroads the right to diversify their services through the use of highway, air, and waterway facilities, which railroad taxes helped build and help to operate and maintain; that denies railroads equal opportunity to compete freely for large areas of agricultural traffic exempted from regulation under the Interstate Commerce Act if transported by motor vehicle; that frustrates vitally needed modernization of railroads through union and other unrealistic tax policies and the destruction of railroad plant and equipment; that imposes on railroads burdensome and unsurmountable costs and other regulations, such as the recently enacted provisions in reference to unemployability and unemployment benefits for railroad employees.

The recommendations that follow are all of such seriousness and importance that I wish to assure you that both the Congress and the nation can and will rely on railroads to do the best job of which they are capable, even at the risk of an emergency. Though our great terminal facilities must operate on a large scale, it is predicted some of may be receiving no other carrier can and keep the trains rolling. And when gasoline and rubber supplies are scarce, railroads will have to do their best to take the slack.

Strength Should Be Built Now

To do the job may require expenditures which will be met by the Federal Government. It should be assured that the railroads will pay for the additional cost of the work and repair they will be able to do. That they will be able to do will depend on the size and character of the Federal Government. Here again the same reasoning presumably would apply to policies of executive departments and agencies relative to the maintenance of railroad vehicles. I can emphasize that the aforementioned recommendations are not outgrowth of the Commis- sion, but a study of the transportation system as a whole. The railroad industry makes the following additional recommendations in the belief that they are (1) special to the railroads and (2) as such are compatible with the overall economic structure of the nation.

Additional Recommendations

(1) That special restrictions on the right of railroads to engage in other forms of transportation be removed so that the railroads will be enabled to use the public benefits of a truly coordinated transportation service to the advantage of the public. It is proposed that the laws be enacted into law and that the Commission be authorized to regulate traffic on its own authority through appropriate codes of fair competition and other decisions of the Commission.

(2) That commercial users of railroads' facilities be required to contribute in a manner which will ensure that railroad service is a public utility and that the Federal Government, in cooperation with the States, develop a program of public ownership and operation of the railroads, together with other transportation facilities, as a public utility. It is proposed that the laws be enacted into law and that the Commission be authorized to regulate traffic on its own authority through appropriate codes of fair competition and other decisions of the Commission.

(3) That the Commission be authorized to regulate traffic on its own authority through appropriate codes of fair competition and other decisions of the Commission.

(4) That the railroads be permitted to set aside a construction reserve for the purpose of expanding the railroads' capacity to accommodate the requirements of the national emergency. It is proposed that the laws be enacted into law and that the Commission be authorized to regulate traffic on its own authority through appropriate codes of fair competition and other decisions of the Commission.

WIDE OPEN FOR PROGRESS!

For 109 years the Louisville and Nashville Railroad's chief aim has been to provide a vital transportation artery for the nourishment of expanding southern economy. To accomplish this the L&N constantly invests in modernization of its facilities.

• During 1958 L & N spent $43 million for improvements.

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These large expenditures for new cars, buildings, improved tracks and signals and other improvements represent L & N's contribution to the Mid-south's growing economy and to faster and finer L & N service.

LOUISVILLE & NASHVILLE RAILROAD
Federal Treasury are being spent to improve navigation on the Mississippi River and its tributaries and to build and maintain nationwide highway and air networks. These important aids are provided for railroad competitors free or below cost, while the railroads maintain their own roadways and pay high taxes on all their properties. This situation unfairly handicaps the railroad industry and possibly the earning of adequate returns to finance necessary replacements and improvements.

The railroads must be allowed a fair opportunity to meet the competition.

Corrective measures are needed to eliminate obsolete labor practices and laws which require the employment of unnecessary personnel. Such make-work laws and rules should not be tolerated in our economy as they waste manpower and capital investment. Labor organizations and management in the railroad industry must cooperate to overcome these evils for their economic survival. Railroad management has already asked the operating Brotherhoods to join them in a request to President Eisenhower to have a commission appointed to make an impartial study of the existing situation.

Railroad consolidations offer promise of substantial economies in operation through consolidation of yards, terminal and shop facilities and the elimination of high maintenance costs on parallel lines. Senator George A. Smathers has suggested the possibility of the nation's railroads consolidating into four regional systems thus eliminating many duplicate facilities and inter-railroad competition. In the past, every proposed merger or consolidation of major railroads has met with serious financial and legal obstacles.

Continued from first page

**Railroad Executives' View of Industry's Outlook**

ment and industry, the need for a sound and sustained growth rate in our economy has become a matter of national survival as well as social necessity. Only sustained and determined policies to transform the nation's transportation facilities can bring the economy back into a position of future economic security.

It is academic that substantial advances in gross national product must be accompanied by corresponding improvements in the overall efficiency of distribution facilities, meaning of course transportation. Concerted and sustained efforts must be made not only to meet today’s transport needs but to match productivity growth by the full utilization of present and future technological innovations and development.

Among other activities holding promise of early improvements in the rail situation are: Railroad experiments and study in piggy-back operations, realistic rate adjustments, mergers, consolidations, and joint use of facilities. It is felt that during the past year or so these matters have become the major concern of a growing number of railroaders, and that substantial improvements in rail economics and service may be expected this coming year from studies now well underway in some of these fields. It is in these areas, of course, that management can contribute importantly to the great potential growth of the railroad industry.

It must be remembered, however, that material and sustained progress in transportation, as in all other commercial ventures, depends largely upon continued rapid modernization and replacement of plant and equipment. Innovation, courage, and resourcefulness in the railroad and equipment industries are of tremendous importance, if the railroads are to keep in step with the dynamic sources underlying our production economy.

On several occasions I have emphasized the importance of transport studies tailored to test the practical sense of particular shippers and particular kinds of traffic. That is to say, the right kind of equipment at the right place at the right time, plus satisfactory time schedules. In short, precision freight service. Nothing less will satisfy the needs of the expanding commerce of this great Nation.

For obvious reasons, this calls for close and efficient teamwork between railroad and equipment companies in the field of research as well as in the full utilization of advanced technological advances. I have the greatest confidence that they will meet this challenge with the same kind of cooperation that is demanded in this age of continuing revolution in science and technology, and that the years ahead will find the Nation's railroads living up to their characterization as the backbone of the rail transportation system.

Program, as we know, is a paradox of his inventiveness and bold ideas: a man, which brings to mind Justice Holmes, profound comment that "the more I know the more I can't do with it."
Continued from page 19

government agencies, special interest groups and com-
petitors. A careful study must be made to determine which
warrant the investment in a modernized rolling stock and
the employment of new skill levels. Cost savings must be
found to expedite both inter-company and inter-
regional rail service. The cost of such improvements
will lead to a more efficient and safer railroad. It will lead to
improved service, through better utilization of railroad equipment, plant and
manpower.

If the transportation industry is to meet the rapidly growing demands of our economy, drastic policies in clear lan-
guage must be made. Railroad management must be required to give
each segment of the industry an open forum to discuss their problems as a challenge
which can be overcome with sound judgment and effect-
ive action. This will also be achieved by greater cooperation from Federal and State authorities as well as complete
public understanding.

RUSSELL L. DEARMONT
President, Pacific Railroad Company

As we enter the fourth week of the steel workers' strike, Missouri Pacific finds itself in the fortunate po-
sition of not being affected by it. Because of the diversification of industry
that has taken place in the West-
ern Farmer's Belt area, Missouri Pacific has experienced a drop of
only 3% in earnings that can be
directly attributed to the steel strike. The future effects of our opera-
tions will depend on the length of the
work stoppage. Obviously a strike of
this length and extent will be
sure to consume the steel inventories now on hand, and it will most likely
create a fuel shortage effect in all rail carloadings, including the
Missouri Pacific.

Russell L. Dearmont

regretted to agree with the predictions of most investment fore-
casters. A favorable action will be needed by September when it is expected
the steel stockpiles of steel will
begin to run out, and the industry will again begin operating at or near
capacity. The Pacific finds itself in good one for the Missouri Pacific. While car and train loads will reach about
3,000 cars under 1959, the movement of steel freight during the first six months of 1959 indicates a
75-% increase of more than 4,000 cars.

Missouri Pacific has ordered 1,240 boxcars and 510 gondolas for service beginning in May. Expect an estimated increase of $5 million in taxes for the
first six months of the year, with an additional $5 million in taxes in the
second quarter, we expect to end the year with a larger balance
than last year's $3,244,900 realized in 1958.

HARRY A. DUBBTS
President, Southern Railway System

Predicting in late July what the outlook for any single railroad or for the railroad industry as a whole is likely
to be during the remainder of the year is as reassuring as
trying to draw a card to fill an inside straight in a
game poker.

A need exists for steel strike is on.

An early settlement of the steel strike before July 17th would
effect other industries could mean a much better year for railroads as a whole than anticipated.

In the territory served by Southern, it appears that the consumer optimism, continued growth of in-
dustry, expansion of power facilities to serve old and new industry, ex-
tensive planning for further growth,

These are part of the reason why Southern has this year ordered 48 new
Electro-diesel locomotives and
why plans are under way for the first six months of 1959 will
other industries. The Southern is also
continuing to grow in mileage. On June 30th this year the Southern
106-mile kilometre kilometre narrow-gauge and covered hopper freight cars which will have 106,000
be among the first batch of 200 new roller-bearing gondola cars which will be among the first batch of
106,000 pound cars. All of these cars will be of composite aluminum steel construction. They will
compete the largest fleet of such high-capacity, lightweight freight cars in the country.

The Southern is also continuing to grow in mileage. On June 30th the Southern had reached the
61-mile kilometre kilometre narrow-gauge and covered hopper freight cars which will have 106,000
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Looking for a future?

Grow West

Where growth is best

There's fertile soil for industrial plants in the "Union Pacific West."

The wide, open spaces are no longer as open as they were in the turbulent times portrayed in present-day TV westerns.

More and more people are pouring in to build up the population . . . to make available and willing army of workers . . . to increase buying power in rapidly expanding markets.

And, in addition, there's unsurpassed rail transportation provided by Union Pacific.

If we do say it, our railroad represents the finest in modern day facilities for both freight and passenger business.

So we earnestly recommend that you give serious consideration to a plant site in the 11-state area of the "Union Pacific West."

We suggest you contact your nearest U.P. representative, or get in touch with us direct, for confidential plant site information.

Continued on page 22
Continued from page 21

economies and therefore funds to provide new equipment and new tools to keep pace with changes in the art of transportation, the outlook for long run is excellent.

We are in a period of revolution as significant as the battle of the packages at the middle of the last century. We are now suffering from growing pains and require substantial government intervention to fight against piggy-back, cars, trailers and containers. There is every indication that these problems are being solved in the direction of a more efficient and more integrated national transportation system, and the railroads and the water carriers are being handed over to the railroad industry after a flat-rate trip charge per trailer. We have petitioned for reconsideration of the rate of charges that are not only permitted but encouraged to carry larger numbers of cars, and we believe that the railroad and the water carriers are being handed over to the railroad industry.

Another problem that urgently calls for correction is the high fuel prices. We are looking forward to the day when gasoline and diesel fuel for the work of highways will be handled by the Commodity Credit Corporation. Goods are sent out at high fuel prices, and the good job of the Commodity Credit Corporation could do much to alleviate the chronic box car shortage. We have suggested a new tax on fuel for the railroad industry. We have also suggested a new tax on fuel for the railroad industry. We will be looking forward to the day when gasoline and diesel fuel for the work of highways will be handled by the Commodity Credit Corporation. Goods are sent out at high fuel prices, and the good job of the Commodity Credit Corporation could do much to alleviate the chronic box car shortage. We have suggested a new tax on fuel for the railroad industry. We will be looking forward to the day when gasoline and diesel fuel for the work of highways will be handled by the Commodity Credit Corporation. Goods are sent out at high fuel prices, and the good job of the Commodity Credit Corporation could do much to alleviate the chronic box car shortage. We have suggested a new tax on fuel for the railroad industry. We will be looking forward to the day when gasoline and diesel fuel for the work of highways will be handled by the Commodity Credit Corporation.
These cars, all roller bearing equipped, will be placed in service during December. Receipt will bring to 6,800 the number of new freight cars put in service by car companies in the first eight months of 1959.

At no time has interest in the Southeast as an industrial opportunity been higher. The success enjoyed by concerns already established in the area draws attention to the potentials for profitable business operations and, fortunately, the Southeast offers an unbeatable combination of favorable factors.

There is, then, ample justification for expecting still greater progress in the southeast, with attendant benefits for all segments of its economy.

W. THOMAS RICE
President, Atlantic Coast Line Railroad Company

The steady rise in business activity throughout the country during recent months has resulted in greater interest on the part of many industrialists in upgrading plans for capital investment in new plant facilities and modernization and expansion of existing plants. This condition is one of the most encouraging factors for continued improvement in general business activity throughout the six southeastern states served by Atlantic Coast Line. Many projects, which for one reason or another, have been in deferred status, have been actively revived and are now expected to be carried forward without further delay.

The greatest interest is still directed toward modernization and cost-cutting projects designed to meet mounting competitive conditions with both domestic and foreign goods. However, the need for increased production to meet expanding markets and introduction of new products has developed in many types of major industries with the result that prospects for industrial expansion throughout southeastern territory are quite encouraging at this time. There is every reason to believe that the year 1959 will exceed predictions made earlier in the year with regard to industrial expansion in the Southeast and general improvement in the economy of the area. Among the industries most actively engaged in expansion programs are the manufacturers of paper products, glass and glass container products, food products, electrical equipment, building materials and synthetic fibers.

Coast Line's carloadings during the first six months of 1959 have kept pace with this increased business activity and are well ahead of freight traffic handled during the first six months of 1958. Bright spots in this rise in carload traffic were in materials for highway industrial and residential construction, consumer goods, paper mill products, and fertilizer materials. Indications are now that this upward surge in carloadings will continue during the remainder of 1959.

While passenger traffic on Coast Line thus far during 1959 has not increased to the same extent as freight traffic, it is anticipated that the year 1959 will be as good or better than the year 1958, and we on Coast Line confidently look forward to a successful fall-winter season, particularly in traffic to and from Florida.

P. M. SHOEMAKER
President, The Delaware & Western Railroad Co.

The railroad outlook in the northeast section of the country for the last half of 1959 is clouded economically by several factors.

(A) Limited progress toward meeting compensation service deficits. Some tax relief in New York State will be progressively helpful in 1960-61. No relief of any kind has been achieved in New Jersey and Connecticut.

Massachusetts has backed away from the temporary relief it gave the New Haven's Old Colony service last year. The train service ended June 30. The subsidy of compensation deficits from limited net freight revenues in this highly competitive period is an intolerable burden directly affecting the health of the companies involved and hence the transportation system available to the public as a whole.

(B) The combination of a general drop in export trade with respect to so many of our manufactured goods no longer being competitive in our world markets, combined with the government's St. Lawrence Seaway, is resulting in lost freight traffic to railroads serving eastern seaports, particularly New York.

(C) Continuing inflationary pressures are increasing the difficulty of competition with other modes of transportation assisted by government provided facilities and/or other government support.

(D) Major changes in distribution and inventory pat-

tens with respect to food stuffs and many manufactured goods have and are creating vast changes in transportation requirements. Even manufactured iron and steel, long a basic railroad commodity, is now moving in large quantities over the highway under pressures of cost or convenience from the buyers thereof.

All of these things mean that the railroad industry has challenging problems. On the optimistic side, progress will be made in reducing railroad costs through reduction in featherbedding. Containerization and piggyback service offer great promise toward meeting new domestic transportation requirements. Mergers and coordinations represent major cost reduction techniques looking toward better service and improved utilization of facilities.

Steady progress is being made in modernizing the railroad freight rate structure. Encouragement has come from the Transportation Act of 1958 toward improved regulatory evaluation of inadequately used passenger service.

Many of these things are long range. With improved governmental recognition of the importance of equality of treatment between the different modes of transportation being achieved, the outlook for the early 60s is more encouraging than the months immediately ahead.

Continued on page 24

Looking for a spot where profits will grow? Then here's the site for your new plant—at Wilmington, N. C., in the growing Southeast Coastal 6 served by Coast Line,

- Cape Fear River has minimum flow of 142,000,000 gallons per day at site.
- Atlantic Coast Line Railroad and U. S. Highway 421 adjacent to site.
- Population 162,500 within 25-mile radius. Estimated 6,500 industrial workers available.
- 1400 acres, more negotiable, 650 acres suitable for construction.

Coast Line's trained staff of industrial development specialists are ready now to send you general information. Specific facts will be compiled promptly to meet your needs. All inquiries handled in complete confidence. Write, wire, or call today!

R. P. Jobb
Assistant Vice-President
Department 09
Atlantic Coast Line Railroad
Wilmington, North Carolina

W. Thomas Rice

Perry M. Shoemaker

R. P. Jobb
Assistant Vice-President
Department 09
Atlantic Coast Line Railroad
Wilmington, North Carolina

Perry M. Shoemaker

R. P. Jobb
Assistant Vice-President
Department 09
Atlantic Coast Line Railroad
Wilmington, North Carolina
James M. Symes
President, The Pennsylvania Railroad Company

For the Pennsylvania, the first half of 1959 was a period of great strain—every new development from last year's severe reduction in business. Operating revenues were up 15% while expenses of handling the business increased by 17%. This was compared with the first six months of 1958. As a result, our company was able to report a net income of $54,265 for the first half this year, in sharp contrast with a deficit of roughly $25 million for the same period last year.

It is true, however, there are developments which are certain to prove unfavorable to transportation agencies. The immediate is the strike in steel. The steel industry accounts for 20% of our successful business. Our result in this respect for the year will depend to a large extent on how long the steel strike will continue.

A healthy start in removing some of the obstacles that have impeded the progress of the railroads. People realize more and more that a strong railroad industry is an asset to the economy of the nation. To railroads and their employees there are steps being taken in the right direction—the Transportation Act passed Congress last year which at least set up some fairer ground rules; measures for tax relief of railroads, as adopted in New York and proposed in New Jersey; experiments looking toward improved methods of classification services, as in Philadelphia—but it should be realized that strong forces are in operation which tend to more than offset these relaxations. For example, legislation recently passed to increase retirement and unemployment benefits will cost the company $25,000 in new costs and operations and in labor costs. These increases are being taken care of by conditional sale agreements or long-term lease obligations. The added costs will be no small item in maintenance, and the reduced charges from not having to pay rent for use of cars belonging to other railroads, will more than meet the interest and pay off charges.

While the short-term outlook is entirely dependent on the steel strike, the ability of the railroads and of the Pennsylvania in particular to grow and to participate in future transportation developments will depend very much on our ability to control inflationary costs, especially wage costs. Because it appears that the thinking people of the country are at last aware of the dangers of further inflation, we are optimistic about the future.

Continued from page 15

Featherbedding: Pitfall
On the Path of Progress

Coffee
ON THE HOUSE

We like to pamper our passengers! That's why—from the moment you step aboard a Missouri Pacific streamlined you'll enjoy such travel innovations as COMPLIMENTARY COFFEE, served at 10 AM and 3 PM... piping-hot TRAVEL TRAY MEALS at your seat. Breakfast 75¢, Luncheon or Dinner only $1.00. If you prefer the luxury of dining car meals, you'll enjoy them at new reduced prices. And by all means, take advantage of our every day FAMILY FARE PLAN when you can. It's cheaper by far!
cents out of each revenue dollar—as contrasted with the 53 cents paid out of each revenue dollar upon which the railroad business has been built. But even if the same amount were to be saved on each $1 of receipts, the result would be only a trifling one. In fact, it is a waste of time to try to work out the figures for the country as a whole. There are so many variables that it is impossible to make a general statement. For example, the amount of freight handled by a railroad varies greatly from one season to another, and also from one section of the country to another. Moreover, the cost of operation is affected by the state of the economy, the weather, and other factors.

The only way to make any real progress in this direction is to work at it continuously, and to try to get all the railroad companies to cooperate in order to achieve the desired results. It is important that the public should be made aware of the problems involved, and should be encouraged to support any efforts that are made to improve conditions. At the same time, it is essential that the railroads themselves should take responsibility for their own affairs, and should not expect the government to do everything for them. They must work hard to reduce their costs, and to increase their efficiency, in order to be able to compete effectively with other forms of transportation.

Another important point to consider is that the railroads are not just a business; they are a vital part of the nation's economy. They are responsible for bringing goods and services to the people, and for carrying people from one place to another. It is essential that they should be able to operate efficiently and effectively, in order to fulfill this important role. If they cannot do this, then the entire economic system will be weakened. It is up to all of us to work together to ensure that the railroads are able to continue to provide the service that they are so essential to the country.
Continued from first page

Unification—The Answer to the Railroad Problem

distances and in all directions at all costs. They had taken out insurance on their horses, waggons and escorts.

All the wonderful labor-saving machinery, and all the magnificent scientific inventions to which labor and the comforts of people would be of little avail if they could not be transported from one place to another by mechanical power had not been discovered. The cost of building and maintaining whether food, raw materials or manufactured goods, first to satisfy the transportation requirements, and after that to exchange them for the goods of other places which other people either have produced. It is therefore obvious that the accomplishment of any trading of goods on any considerable scale over any considerable distances must be some way of transporting people and goods on which they have to sell or trade. Thus and as Kipling declared the logical concomitant of civilized life is transportation.

U. S. the Example

If a high standard of living is an indication of the civilized life of a nation, then the United States stands as an outstanding example of the great contribution made by transportation facilities to the welfare of the people and to the prosperity of the nation. In comparison, we own approximately one-third of all the railroa mileage throughout the world. As a result our people enjoy a standard of living greater all around the world.

We repeat, modern civilization stands in immediate need of transportation facilities. The large centers of population are not only separated from each other but are separated from the rest of the world. Thus, it is necessary to move surplus food supplies and manufactured products from one part of the country to another. How, then are the best transportation facilities to be obtained? It is certain that Government control and operation would not be as efficient as private enterprise. In 1906, the Hon. Herbert Hoover, then Secretary of Commerce, in his Annual Report for 1906, stated: "Probably the most outstanding single problem of American Railways is the question of union contracts. Since the war has been the reorganization of the various lines and the labor troubles which have occurred, the question of union contracts is the most important problem of the industry."

Principal Provisions of the Transportation Act of 1920

The Act provided for the termination of Federal control March 2, 1920, over the railroads, if the carriers, if they so desired, of payment of a standard rate for the following 180 days. The Act provided for amendments to the carrier agreements and for the preparation of new carrier agreements. The carriers were to be grouped into a limited number of systems of railroad companies. These systems were to be operated on an even footing and be able to compete with one another so that there would be an equal return to the owners of the property or groups. The Commission was to be given greater power also over the execution of its plans.

There is nothing revolutionary in consolidation. Railroad unification will originate with the Transportation Commission. On the contrary, it has played a most important part in the development of our railroad transportation system, and the results of the consolidation of various units that were at one time independent. But these consolidated railroad systems are the result of the efforts of the individuals responsible for the ownership and management of these lines.

As a matter of fact, in a study of the transportation service of the city of New York City dated Feb. 15, 1930, the general plans for consolidating the various railroads involved the merger or unification of the various railroads of the City, Class I, or otherwise, into a single regional system and the establishment of a unified system in retrospect, if only for the reason that the consolidations of the various railroads are again being discussed, it may seem almost unbelievable to the reader, the fact remains that there was involved in the two suggested consolidations a total of 711 individual systems, the number of lines was many, many small, but many others in the future. The formation of these consolidations and the companies involved in each merger.

On the basis of control, the railroads must maintain on a basis of the same obligations and, rates and other forms of its subscribers for their public requirements. Owing to the restrictive policy of regulation and the constant whittling away of rates as a whole that prevails upon a long period prior to the passage of the 1920 Act, it was the war that did not reduce this burden, and the transportation industry on a better basis, than the railroads could be passed. Conditions in the transpor- tation industry at the time were described by Mr. Walker D. Hines, former Director General of the Board of Transportation, before the House of Political Education which, in its report in April, 1928, in which he said: "The railroads did not thrive under the war, the depression, and prior to our entry into the war, it seemed so far less to its future, and the railroads seemed to suffer such difficulty in raising sufficient funds, they could do nothing to get back the losses of the public quarters of the House and Senate was created to investigate the transportation problem. This committee was created as a result of the motion of the House of Wili- son, and was known as the New York. The commission's work was interfered with, however, as the operation of the railroads for the war period of 1918, and by the government's holding until Congress could revise its legislation, which it got with respect to them. When Congress passed the Transportation Act of 1920, it not only affected the earlier policy which prohibited any form of railroad combination involving any suppression of transportation competition.

Thus, it was under the 1920 Act that the carriers could be grouped into a limited number of systems of railroad companies. These systems were to be operated on an even footing and be able to compete with one another so that there would be an equal return to the owners of the property. The Commission was to be given greater power also over the execution of its plans.

Vital Statistics: Carriers vs. Selected Industries and Utilities

Table I

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<tr>
<th>Industry</th>
<th>Selected Industries and Utilities</th>
<th>Per Share Value</th>
<th>Total 1929</th>
<th>Total 1958</th>
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Table II

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<th>Industry</th>
<th>Selected Industries and Utilities</th>
<th>Per Share Value</th>
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It would have been possible at that time for these rates to be adjusted, if it is probable that to establish such charges as to make it necessary for rates to be higher. Instead lower, although the hope was not to be expressed in some quarters for it to carry out a general plan of rate reductions on not only would the carriers be able to improve their credit but also would enable them to make their rates with rates lower than before.

Merger Discussions Today

For the year or two, the question of railroad mergers again arises. There have been rumors, denials, and in some cases confirmation of specific railroads considering mergers. For example, there is the Lackawanna

Erie merger in the making, the possible Western and Virginian, and the feeling prevails that Northern Pacific, Great Northern and Washington will eventually be merged, as may be the Atlantic Coast Line, Louisville & Nashville, with the Seaboard Airline.

Only yesterday there was serious discussion as to the possibility of New York Central and Pennsylvania considering a merger. It would seem only reasonable to assume that as the more or less statistic in which the railroad industry finds itself a major carrier of this country into consideration for the merger, in this article, might be seriously considered. Railroad management are engaged in evaluating every possible to increase efficiency and reduce on costs in their operations. In this respect, more has accomplished than management has been given credit for achieving. As such, even a reduction of 1.5% in the freight rates for five years 1926-1930 would mean a reduction in the cost of transportation.

The average carload weight of freight traffic in 1940 was 36.8 tons, the average age 33 years. The average weight of freight cars was 23.4 tons, the average age 31 years. The average tonnage per car was 49.5 tons, the average age 31 years. The average tonnage per car was 49.5 tons, the average age 31 years.

The average speed of freight trains increased from 12.8 miles per hour in 1925 to 14.6 miles per hour in 1940. The average weight of freight cars increased from 23.4 tons to 24.4 tons.

(7) The service performed in the past by railroad systems to which a train in 1938 was equivalent to the transportation of 27,146 tons of freight over a distance of one mile, vs. 10,021 tons averaged 1926-1939.

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A Vastly Expanding Market in the Years Ahead

Impetus From Capital Gains

Another boost to the level of spending comes from the substantial capital gains which many individuals have accumulated in the stock market over the past year. The market level has risen by about one-third over this period and the effect is to make people feel richer and more disposed to spend. This, of course, is only one aspect of the general optimism concerning future levels of plant and equipment expenditures.

Outlines the Braking Factors

By all odds, the strongest brake on the expansion comes from the deliberative action of our federal and local authorities. The Federal Reserve has been keeping a tight rein on bank credit, as reflected in the comparatively high discount rate now in effect and in their constant pressure to hold down bank lending power.

Refocusing this pressure is particularly important in Federal fiscal policy from a massive budget which has placed the United States in a more neutral position for 1960. Seemingly the Administration will be devoting its efforts to balance the budget, for the high level of Federal expenditures will be the result of new tax receipts, while reducing the need for Federal expenditures in other Federal expenditures. Since the present Congress has not turned out to be so popular as most assumed, it is expected that the government will not be able to do much spending.

Restrictive monetary and fiscal policies do not appear to pose any great danger of a lack of recovery at the moment. Indeed, at worst, they may be helpful tools. In adjusting to monetary polices, they represent the careful judgement of our monetary authorities, taking some form of restraint lest it move the economy too far in the wrong direction.

Happily the concern about overemployment which plagued the early 1950’s, when consumer spending has largely dissipated. Employment is now rising to levels where it is unlikely to be removed by any sort of law or laws in and of themselves. We must have a thorough awakening of the conscience of the people. Without it we shall fail.

Concern About Inflation

A floating momentum in the economy has been brought about by the recovery in the present market. In fact, the confidence of the people, as measured by their spending habits and their willingness to invest in the economy. Full employment is no longer a distant goal. But there is still a noticeable slack in the economy to allow for a further period of growth. And we must be careful that we will not be feeling some upward pressure which may be more substantial than we expect.

If we look at the various types of outlays, we can see quite a difference. But there is a difference which can distinguish between those which seem likely to increase more than those which will be more stable.

Areas of Spending Increase

In the first category of those which will probably increase we can be certain to find consumer spending and business spending for goods and services and state and local spending for community needs. These categories comprise most of the elements which may be considered the steady growth and capital spending. It is far more difficult to find out how much spending for such purposes is little affected by the cyclical ups and downs which were felt elsewhere in the economy. Moreover, the economy-wide categories comprise about two-thirds of our gross national product at the moment and will be far more sensitive than that of the increase in consumer spending.

Confidence in the growth of this trend is not high. But the costs are high. And there is the underlying source of demand of this type—population growth, Consumer spending which is increased by such factors as clothes, transportation and the like, does not go away even if our growth is not the same as in the national income, but its total does show strong growth in this area. Likewise our national needs for state and local government expenditures and road, fire and police protection, etc., also grows with the increase in the standard of living.

Business Spending

I’ve already discussed a pre-eminence of new sources of demand which will have to be met. But there is another major source of strength, which has turned out to be the very
In the coming year, we should expect to see a further increase in capital outlays. Businesses find capital outlays easier to justify during a prosperous period than during a recession or depression. Of course, if the upswing in business reaches a point where it becomes a繁荣 with actual increases in demand, there will be a corresponding increase in capital outlays.

Inventories Spending

Another category which is difficult to predict is the amount of money businesses will spend on inventory spending. The turn-around in the fortunes of producers after the recession is one of the strongest influences in our recovery from the recession for it will help to push up the demand for goods and increase the imports of raw materials. We should expect the amount of money spent on inventory spending to rise in the coming year.

Foreign Trade

We cannot expect our country's foreign trade to continue much longer at the present rate of business in the coming year. In 1953 our exports exceeded $10 billion, but a near balance is expected in 1954 and the export surplus will be small next year. The reason for this is the increased importation of goods caused by the strong demands of a once-in-a-century war in Europe.

However, exports too should rise in response to the recovery in Europe. The increased sales of foreign retailers to buy from us is much greater than we think, because foreign countries have greatly increased their hold on gold and silver.

Consumer Durable Goods

Outlook

Returning to our own shores, we find rather mixed trends within those categories which we may divide into two groups: spending for houses, cars, and household goods. The automobile market has shown a respectable increase in new car sales in the last few months and is headed for a level of about 6 million units in 1959. While this is not an all-time record, it is an increase of about one-third over the 1958 total. There is good reason to expect this pace to continue. Rising per capita incomes will finance the major expenditures of this type. Further, some manufacturers have further potential because many replacement demand was checked up by the recession last year.

When we consider the present auto industry picture, the new model small cars will have been on the market this fall, it seems certain that the market will hold up well enough to prevent a strong demand for housing and for all of the collateral goods—appliances, furniture, and the like—which are related to the buying of new automobiles. The financial source of weakness in this network of markets is housing itself.

Housing Level

We've really been in a boom in housing building over the past year. Builders, taking advantage of the long period of low interest rates, have got loan commitments which permit them to go ahead at a near record pace. There are indications that this level will not be reached again any time soon. Actually the present boom is only meeting but not exceeding the favorable terms of financing of some months back. As long as interest rates remain high, as measured by the number of years that have been allowed for the payment of mortgages, the existing rate of building is not expected to be met. But any further rise in interest rates is expected to result in a slackening of the present housing boom.

In fact, we expect a much greater growth for, we know that 1953 was a low year and that we have an opportunity for the takeoff of new construction activity. This accelerating pace of construction building is a matter of the most all-pervasive influence on the economic situation today. The terms of greater stability and automation — now on everyone's tongue—have been reached in the last five years. The full impact of such conditions is not yet felt, for it is only beginning to be felt throughout the economy.

The real importance of the labor force and level of productiveness which we are making of plans and of inventories in our econ-

Vehicle Production

The slow freight — the slow down in the grade crossing—will continue to be a problem in the future according to the experts. The Research Institute.

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The Mutual Funds Report

In a weekend news release that got into print on Monday morning, managers of the Boston Fund showed that the textile industry had been hit by a four-year decline in prices. The report, by Edward F. Ryan, Vice-President of Boston Fund, states that the company has been able to hold its 24.3% share of the textile market for the past 22 months we've gone through it. We're not too worried about it. We're a big believer in the market for textiles, in the long run. Mr. Ryan argued that textile is more than just a bank look attractive.

Income Foundation Fund Inc., of Pittsburgh, reports total assets of $36 million, up from $34 million at the start of the year. The fund's net income is now $2,357,000. The proceeds of the fund are distributed to 30,000 shareholders. At the end of the year, the fund's net assets were $2,357,000. This is a 10% increase from $2,140,000 at the end of the year. The fund's net income has increased from $1,930,000 to $2,357,000, an increase of 21.8%.

American Research & Development Fund Inc., of New York, reports total assets of $15 million, up from $14 million at the start of the year. The fund's net income is now $31,000. The proceeds of the fund are distributed to 5,000 shareholders. At the end of the year, the fund's net assets were $31,000. This is a 10% increase from $28,000 at the end of the year. The fund's net income has increased from $27,000 to $31,000, an increase of 14.8%.

Form Oil Investors (Special Edition) BEVERLY HILLS, Calif.—The Oil Investors, an organization of oil business from offices at 232 North Canon Drive, Burt Kelner, Lionel Bell, Eugene M. Miller and B. Gerald Cantor.

The Continuing Plans

The continuing rise in the use of oil stocks for the purchase of mutual fund shares, exceeded in the second quarter of 1959 a total of more than a million plans in force, is an example of the growth of the mutual fund industry. The increasing use of modest means is turning to mutual funds for benefits he cannot obtain elsewhere. For the first time, the textile industry has a record of over 2,000 mutual fund plans at the end of June. The year, the figure was 1,600. The increase in mutual fund shares through accumulation plans had an estimated value of $1,677,000,000, on June 30. When the association started publishing figures in 1937, the first year, the number of plans was 30.

Michigan Bell Bonds Offered to Investors

Haley, Stuart & Co., Inc. is managing an underwriting syndicate of Merrill, Lynch, Pierce, Fenner & Smith Inc. to offer an issue of $30,000,000 Michigan Bell Telephone Co. Thirty-five year 4% debentures dated Aug. 1, 1954, at 102.122%, and accrued interest, were priced in New York on Tuesday afternoon. The issue was awarded the award of the issue committee of the Industrial Group Aug. 11 on a bid of 101.490%

Net proceeds from the sale of debentures and bonds will be used by the company to repay advances from its parent organization, the Michigan Bell Telephone Co., and for general corporate purposes.

The debentures are to be redeemable at any redemption price ranging from 107.6 to 104.2% at the option of the investor. Michigan Bell Telephone Co. has a 24,000-line telephone service in the States of Michigan. On June 30, 1959, the company had 2,816,053 telephones in service. About 35% were in Detroit and its suburbs. About 5% were in other cities having a population of 25,000 or more. Other services furnished by the company include long-distance telephone service for the transmission of radio and television programs and for radio and television stations.

For the six months ended June 30, 1959, the company had total operating revenues of $1,845,889,000 and net income of $17,052,620. At the close of the quarter, the company reported that its cash reserves, held at the end of the quarter, were $145,000,000 and advances from the parent company were $30,000,000. At this time, these figures were $291,172,000 and $8,890,000, respectively.

Not With Sam, Barney

SEATTLE, Wash. (Pacific Securities Inc.) The continuing rise in the use of oil stocks for the purchase of mutual fund shares, exceeded in the second quarter of 1959 a total of more than a million plans in force, is an example of the growth of the mutual fund industry. The increasing use of modest means is turning to mutual funds for benefits he cannot obtain elsewhere. For the first time, the textile industry has a record of over 2,000 mutual fund plans at the end of June. The year, the figure was 1,600. The increase in mutual fund shares through accumulation plans had an estimated value of $1,677,000,000, on June 30. When the association started publishing figures in 1937, the first year, the number of plans was 30.

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Who Has the Primary Role in Promoting Economic Growth?

Securities Salesman's Corner

by John Dutton

The Salesman and New Issues

who has the primary role in promoting economic growth?

in the current issue of the commercial and financial chronicle, jerry a. goldsmith discussed the role of government in promoting economic growth. he argued that government policies, such as fiscal and monetary policies, play a significant role in determining the pace of economic growth. goldsmith noted that government initiatives can affect economic growth through various channels, including infrastructure development, education, and healthcare. however, he also cautioned that government intervention must be balanced to avoid distortions that could hinder private sector growth.

the salesman and new issues

the salesman and new issues is a column that focuses on the perspective of a securities salesman. in this issue, john dutton discussed the role of the securities industry in promoting economic growth. dutton argued that securities professionals are key players in facilitating investment and capital formation, which are crucial for economic progress. he highlighted the importance of underwriting new issues, which can provide companies with the capital they need to expand and innovate. dutton also emphasized the role of financial advisors in helping clients make informed investment decisions, which can support economic growth.

look out for your customers and they will stick to you

in the last issue, the salesman and new issues column advised salesmen to be customer-focused. the advice centered on the idea that building long-term relationships with clients is essential for the success of a financial professional. the column encouraged salesmen to listen to their clients' needs, provide personalized advice, and maintain open lines of communication. by cultivating such relationships, salesmen can establish a strong foundation for sustained client loyalty.
Southwestern Public Service Company

Southwestern Public Service had a complicated early set-up as a holding company, but carried out a thoroughly planned simplification and in 1961 ceased to be a holding company under the Holding Company Act. In August of the following year the East Central Texas properties were separated into a corporation called Southwestern Public Service Company, for about $4 million cash. In 1964 the so-called Dalhart group of interconnections, which is now part of Texas Utilities, sold its interest to the company for about $1.9 million, this completing the interconnected electric system as now constituted.

The company produces the sale of all of its gas and water properties (with the exception of the Clovis, New Mexico water property) to the public. It has during the past year in connection with construction purposes, thus eliminating the necessity for permanent financing, taken advantage of this temporarily accomplished the company's long-term objective of becoming an all-electric utility.

In a contiguous area of the Texas and Oklahoma Panhandle, Texas South Plains and New Mexico, the company's territory includes the region is basically agricultural but is also rich in oil, natural gas, petroI, etc. Industry is largely oil and gas producing (Phillips Petroleum now a major), petroI refining, cotton, black, dairying, and chemicalizing. Residential and rural sales provide around 35% of electric revenues, commercial sales about 30%, and industrial sales 25%

During 1952, building permits in the 16 principal cities served increased nearly 25% over 1957, with six of them establishing all-time records. Construction activity continues through-out the rural area. Increased business activity has resulted in the company's spending $116 million on its system during 1957, far in excess of the $74 million originally planned; $9 million of this will be generated internally. No equity financing is anticipated for several years.

The average cost of gas used for fuel purposes increased from less than 3 cents per 1,000 in 1947 to 13.15 by the end of 1957, an increase of 100%. However, the use of larger, more efficient boilers and generating units has held the increase in fuel cost per kw generated to an increase of only 57%

The average fuel cost per kw generated of 1.65 mills was only about half the average fuel cost of the electric utility industry.

The company produces all of its power requirements. In earlier years generating equipment had a reserve of 1.50 per cent over peakloads, but the installation of 80,000 kw generating units in 1953, 1955 and 1957 raised the margin considerably: thus in 1957 it was about 29%, but in the following year dropped to 16%

A twelfth unit is now in operation throughout the year.

A ten-year investment program is being planned for the future, the average fuel cost per kw generated of 1.65 mills was only about half the average fuel cost of the electric utility industry.

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A twelfth unit is now in construction, drawing power from the Atwood, north of Amarillo, to be ready by June 1958. Gas for fuel will cost only about 17-2c over the next 20 years based on a new contract.

In the common stock remained in a range of 3.39-4.00 during 1948, but declined to $3.18 in the following year and to $2.35 in 1943. 1945 showed a small decline to $1.73, but in the current fiscal year ending Aug. 31 earnings are estimated at around 4c. The company has recently been paying at a rate of 8c through sale of the water properties, and smaller revenues from irrigation due to the plentiful rainfall.

The company has a 500-year lease that the company's business will continue to grow at about 3-10% a year through 1962. Since no additional generating capacity (after next year's unit) is expected to be installed until around 1962-63, the reserves of capacity may decline to 12% by 1963, though this is not expected to occur.

An average annual growth of 9% or 10% per annum in share earnings would thus appear logical during this period. It is estimated, assuming that this works out, the common dividend rate would probably be raised to 6% in 1964, with a 10% increase in earnings. For the next five years it is expected that the company's share earnings will increase annually at the rate of 5% to 7.5%.

Do We Really Want To Stop Inflation?

The Phillips curve is a central part of most inflation theories: it says that when unemployment is high, inflation will be low, and vice versa. This relationship has been observed many times in the past. However, there is a school of thought that believes this Phillips curve is outdated. They argue that the Phillips curve has been discredited, and that the relationship between unemployment and inflation is no longer valid.

However, when unemployment is too low, the economy can experience a period of overheating. This can lead to inflationary pressures. Therefore, it is important to understand the factors that determine the Phillips curve and how it can be used to prevent inflation.

There have been several attempts to directly address the issue of whether the Phillips curve is still relevant. Some have argued that the Phillips curve has become irrelevant due to changes in the labor market, while others believe that the curve is still valid and can be used to guide economic policy.

In conclusion, while the Phillips curve may not be as relevant as it once was, it is still an important tool for economists and policymakers. It helps us understand the relationship between unemployment and inflation, and it can be used to design policies to prevent inflation.
and of the things that need to be done to achieve an understanding is essential to developing the will to stop inflation.

Again, with the point, the German people are certainly entering the process of reeducation in the United States. Specifically, some groups seem to be advocating programs. V. With the whole of a steady understanding that the inflation menace to the entire economy is a threat to all financial instruments—more or less the entire financial system of the United States. There were good reasons for this, of course. For one thing, inflation has reached a critical stage. Also, the German people are beginning to understand that their economic situation is not as favorable as it was. Indeed, it is an obvious fact that the inflation problem is serious and that it must be solved. Already, the threat of inflation is hanging over the country, and the government is taking steps to combat it. The Treasury has issued a new one-year bond which can be redeemed at any time before maturity. This bond is expected to help stabilize the market and reduce the potential for inflation in the future.

The Inflation Elite

Certain groups occupy strategic positions with respect to this inflation problem and are making important contributions to the educational process. One group, for example, is the German Farm Union. This organization is working hard to educate the public about the dangers of inflation and to promote policies that will help stabilize the market. The Farm Union has been active in promoting programs to reduce the demand for money and to encourage savings. It has also been involved in the development of new financial instruments to meet the needs of the increasingly inflation-prone economy.

The action of the government continues to be focused on the constructive side even though the volume and activity in the government securities, save for the near-term obligations, has not been too large. Much has been done with respect to these Treasury issues as they have been issued refunding, especially in the case of the new 10-year notes. The demand for short-term liquid Government issues has been and United States Government obligations on the secondary market has been substantial. The Treasury offering of regular bills and tax anticipation bills for new money helps the near-term money market. These bills are quite attractive and the credit market tends to be better for these obligations.

Details of Current Cash Borrowing

The Treasury in a rather surprise move as to time again took advantage of money market conditions to get needed funds to carry on its fiscal operations. It was announced that $1,700,000,000 of new cash would be raised through the sale of 90-day Treasury bills maturing late July 8, 1959 and coming due on March 23, 1960. Bills for $2,000,000,000 were announced to be received (Aug. 13) with payment due on Aug. 19. This issue may be bought by the depository banks through credit to the Treasury’s tax and loan account. But it was also announced that the Treasury would be able to get part of its cash needs at a satisfactory rate, and at the same time this will help the short-term sector of the money market.

Short-Term Treasury Market Favorable

The demand for Treasuries and other institutional investors has had a favorable effect on the market action of the most liquid Government securities. It is evident that the idle funds of those who are responsible for the inflation strike, will be put to work in short-term issues.

Accommodations to such bills will not only be good for the money market, but also for the Government since they will be able to get part of its cash needs at a satisfactory rate, and at the same time this will help the short-term sector of the market.

Next Treasury Offering in October

It is expected that the current new money operation of the Treasury will take effect for 90 days in October of the current fiscal year. The new offering is expected to be $1,700,000,000, which is about the same as the previous offering of $2,000,000,000. This amount is reported to be about half of the new money needed, according to the Treasury.

The treasury bill rate is expected to be lower than the cash rate in the next few months, and this is good news for the money market. The Treasury will need to raise about $4,000,000,000 in new money, and this will be done through the issuance of short-term bills. The Treasury bills will be sold at a discount and will mature in 90 days.

Entire Capital Market Acting Well

The long-term and capital market will be fairly well of Government securities, and the Treasury bills will be pretty well discounted or discounted by the near-term market in the course of the next six or seven weeks.
The Security I Like Best

John G. Holmes Chi Manager, Research Department American Textile Manufacturers Institute New York City

Members: New York Stock Exchange

John Bancroft Sons & \n
The Morgan Guaranty Trust situation is one that does not develop especially "big namestuff." Seldom do two such small organizations come together, each with so much to offer. The prospects for Bancroft, however, can be safely predicted that there is before it a long course of prosperity. Shareholders normally will participate in it.

Bancroft, in the current investment field, is a leader in the textile industry. The viscosity of the textile raw material and the operations of finishing processes is the field. This improvement is due to the relative increase of 523% over the comparative week, followed in the far-out pace the improvement in any other industry. Part of this, of course, can be attributed to the poor showing for textile earnings in the first half of the year. The current brisk demand for textile products also accounts for the continued growth at a higher level of personal incomes.

Joseph Bancroft & Sons was originally established 128 years ago by Joseph Bancroft, a leader in the textile field for its quality products. Its operations embrace three main units: First, the Company is a manufacturer of various products which it sells through wholesalers; secondly, it functions as a converter of textile items, bleaching, dyeing, printing, and finishing; thirdly, it is engaged in the manufacture of fabrics, silk and rayon materials. The Company's fabric products were its third source of revenue derived from operations. The consolidation of the company was the result of the various textile processes developed through an excellent research program. There has been no declared reduction of the per cent of the raw material used in the company's processes, and all the patents have been avoided by management that the company's income is substantial and continues to grow quarter by quarter. This lucrative end of the business is due to the positive effect on Bancroft's operations and diversification of its product line, due to the acquisitions of manufacturers producing exclusively up-to-date, distinctive, and durable fabrics. The Bancroft finishing plant at Wilmington, Delaware, has a capacity of three million yards of cloth per week, and the print works of its subsidiary, Eddystone Manufacturing, can print 250,000 yards of cloth weekly.

As stated above, Bancroft's research has been excellent and has been largely responsible for the development of the various patented finishing processes which have been applied to the company's products as the "Tiffany," the trade. The merchandising of the "Tiffany," as a socially acceptable and nationally recognized brand name. The company has granted 122 licenses for use of the trademark in 25 foreign countries. One of the体制机制 patented processes is the Ban-Lon process which is believed to be the process for the company's total royalty income. The Ban-Lon process is a process of combining the fibers, which are mechanically combined and finished to the same cyclic fluctuations.

The above earnings estimates can be calculated with the stock of Bancroft's national growth with the other textile companies. Currently selling in the Over-the-Counter market, a $25 stock price—earnings multiple of 10.3 has been established for a market of the textile companies which are being sold. This is particularly significant when one considers that Bancroft's financial position is strong and its working capital position has been built up by recent years of profitable operations. The company's income from common stock outstanding, preceded by only a moderate amount of capital, the Bancroft trademark, the Bancroft & Sons, Estee, and the Bancroft-Davis, are among the 65%. The company reinvested dividends at 12½ quarters, this past April, and the present 50% annual rate is the most that can be distributed. As far as my opinion is, outstandingly attractive in a full-priced general industrial situation.

The Bancroft finance is $14 billion has been lost directly in the steel strike, "Steel" is now reporting 9.0% in 1958, and this company has estimated these losses: $207,800,000—Steelworkers wages $789,000,000—Sales and advertising, depreciation, and salaries of non-production workers in Steel $180,000,000—Taxes

A strike is not materially slowing down the economy, the metalworking weekly said. Much of the slack is being taken up by other industries. Steel companies are offering reductions and final pay checks received in late July. It will be Labor Day before the squeeze is really felt. Using the same principle as the steel, adequate for at least three weeks of normal production. Trouble will come when stocks are out of balance. This may be later than the Federal Reserve's wishes and the prices will be more volatile than at present.

Steel liquidation is still stalemated. Labor Secretary James P. Mitchell is still trying to bring pressure for settlement without the direct government intervention.

Steelmakers want to hold the employment cost line to meet competition for steel producers and from domestic producers of aluminum and other materials. More than four million tons of foreign steel will be purchased in 1959 by the United States.

Nikita Khruzhchev's impending visit on Sept. 5 has led to summit talks and the formation of a steel strike to begin before he arrives, some believe President Eisenhower will either exert enough pressure from the United States, to the United States to be a settlement beforehand, provided in the Teft-Hartley Act (that would force resurrection of steel production for the first time since December).

Steelmaking operations last week slipped to 12% of capacity, of 0.2% from the preceding week's revised rate. Production was about 8,000,000 tons in July. July output of 29,000,000 tons in December.

"Steel" scrap price composite dropped 34 cents to $3833 a gross ton. Trade consensus is that the market will move up as prices for other metals improve.

Metalworking companies will spend $747 million for metal cutting tools in 1959, an increase of more than 10%. "Steel" said they'll order $263 million worth in the second half vs. $211 million worth in the first six months. The investment in new machine tools for each production worker in the industry.

A new kind of porous metal product with strength is on the way, "Steel" said. Fiber metallurgy, a process developed by the Acheson Chemical Co. has been used to form a series of products with diverse applications, including composite materials such as plastics, ceramics, and natural metal fibers by
Steel Output Based on 11.7% of Capacity

The Federal Reserve Bank of St. Louis and Steel Institute announced that the operating rate of the steel industry was 11.7% of capacity for the week beginning Aug 10, equivalent to 322,000 tons of output. This represents a decrease of 8.3% (or a reduction of 194,000 tons) as compared with a similar week of 1947-48 as adjusted with an actual rate of +19.8% of capacity of the industry.

*Note: A strike in the steel industry began Wednesday, July 13.*

.. output for the week beginning Aug 3 was equal to 11.2% of the capacity of the industry. Previous low output of the year was recorded in the week ending July 4, when the Independence Holiday restricted production to 108,397 units.

*Ward* said the latest series of shutdowns involved the sprawling Rawlins Steel & Wire Co. at Keyes, Texas; the State Line Steel Co. at Flint, Mich., and seven B-D-P plants located throughout the country, making a total of the plant run a monthly record.

The Plymouth assembly work shop at Evansville, Ind., completed the week its 15th cycle of the Corp's 59 model activity on Tuesday, Aug. 4. The cars turned out during the week were equivalent to about 26 weeks. 25-year history of the establishment, whose operations are being transferred to new facilities in the Steel City, at Louisville, Ky.

The production units of Willys and International Harvester, two of the industry's major truck producers, were idle in the week under review because of employee vacations. They will re-open Aug. 17.

Like automobile output, truck manufacturing dipped severely in the week ending Aug. 4, down to an estimated 11,065 units, or a 45% slip off the previous week's total, which was 20,096 units.

The week's combined car-truck volume was estimated at 17,140 units, off 17% from the total of the week before (142,814).

As of Aug. 8, domestic car output will reach an estimated total of 30,485 units, up 45% over the same period last year (20,239). Truck ejection this year (779,256) shows a 46% gain over last year's turnout to date (331,233).

Electric Output 7.6% Above 1958 Week

The latest report on the energy distributed by the electric light and power industry for the week ended Saturday, Aug. 8, was estimated at 13,017,000,000 kWh, according to the Edison Electric Institute. This was a decrease of 15,000,000 kWh, below that of the previous week's total of 13,173,000,000 kWh. The week's combined car-truck volume was estimated at 17,140 units, off 17% from the total of the week before (142,814).

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Car Loadings Off 12.6% From Corresponding 1958 Week

Loading of revenue freight for the week ended August 1, totaled 2,683,000,000 ton-miles, according to the Association of American Railroads announced. This was a decrease of 27,914 cars or 12.6% below the corresponding week in 1958, and a decrease of 196,244 cars or 6.3% below the previous week.

Loadings in the week of August 1, were 8,084 cars or 1.5% above the preceding week. It is estimated that there was a 14% gain in revenue freight for the week ending Aug. 8 that week.

Deficiency in the East North Central States rose noticeably to 47 from 30 a week earlier, in the Pacific States increased slightly to $8 from 7, and in the East South Central States, held steady for the week holding the general commodity price level fractionally below that of a week earlier. The Daily Wholesale Commodity Price Index, published by Dun & Bradstreet, Inc., stood at 276.06 (1930-32=100) on Aug. 16, compared with 276.32 in the prior week and 276.69 of the similar date a year ago.

Weather prices fluctuated within a narrow range during the week, with conditions remaining generally firm. Prices were slightly lower than the previous week, and prices for flour and eggs in the week ended Aug. 8.

Interindustry adults prices were quoted at $9.80 per 120/cwt. which continued up to 235 from 228 a week ago and 240 last year. Small casualties, which occurred last year, were largely below the 1957 level of 24 in the previous week but were only 23 in the preceding week.

Business Failures Up Moderately

Industrial and commercial failures rose 12.6% in the week ended August 6 from 252 in the preceding week, reported Dun & Bradstreet, Inc. While this increase lifted the total to the highest level for eight weeks, the 252 failed businesses represents a 31% increase from the similar week last year. More businesses failed, however, than in the comparable week of 1957 when there were 205, and they exceeded by 9% the previous total of 232 in 1958. Most of the rise occurred among failures with liabilities of $5,000 or less, which increased from 23 in 1957 to 58 for the week ending Aug. 6. In the Pacific States, included among 11 similar failures, there were 4 failures for the week, compared with 3 in the previous week for the same region.

Wholesale Commodity Price Index Slips Fractionally in Latest Week

Lower prices on some grains, lard, sugar, hops and linseed increased in flour, maple, hard red spring wheat and steel scrap for the week holding the general commodity price level fractionally below that of a week earlier. The Daily Wholesale Commodity Price Index, published by Dun & Bradstreet, Inc., stood at 276.06 (1930-32=100) on Aug. 16, compared with 276.32 in the prior week and 276.69 of the similar date a year ago.

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Millets this year also were 12% above the first half of 1958, while new orders booked were up 1.4%.

Production of softwoods in June, totaling 2,617,000,000 board feet, was up 14% over May's 2,317,000,000 board feet, and gained 2% over June 1958. Estimated shipments of softwood lumber in June were 2% above 1958. Production of hardwoods, however, new orders received by the mills were 7% lower than the month's output—the first time this year that hardwoods have failed. For hardwood lumber, June shipments were 7% less than production, and new orders were 14% below the previous year.

Grain mill stocks of softwoods have declined steadily each year so far this year, while hardwood inventories have risen slightly. Production of softwoods in June was a little over 8,778,000,000 board feet, 5% below the level of a year ago.

Submarine Cargo Index Down to Lowest Level

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined 1.0% on August 11 to 53.93 from 53.90 a week earlier. This was the lowest level since March 27, 1957 when the index stood at 53.89. The current level was 9.8% below the 61.57 of the corresponding date a year ago. Commodity prices higher this week were flour, butter and peanuts. Lower in wholesale price were wheat, corn, oats, beef, hams, bellies, lard, sugar, coffee, cottonseed oil, cocoa, eggs, and rice and hog.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost

**CANCER WITH BRAUN**

Send your gift to "CANCER" in care of your local post office.
The State of Trade and Industry

Promotions Hold Retail Volume Over Year Ago

Although hot humid weather and the effects of the steel strike held consumer buying below the prior week in some areas, over-all retail trade modestly exceeded that of a year ago, as shoppers were attracted by numerous sales promotions. The most optimistic conclusions are recorded in various city conditions, furniture, and television sets. Scattered reports indicated that sales of new passenger cars and trucks were picked up from prior year levels, but they remained well over a year ago.

The total dollar volume of retail trade in the week ended Aug. 11, increased 2% from the prior week, to $2.1 billion. The civilian unemployment rate was 4.2% for the week, as compared to 4.1% the prior week.

Summer clearance sales improved the buying of women's Summer sportswear and cotton dresses and marked increases over last year. Sales were in song, a cementcow, suits, and dresses picked up again during the week, and volume was up substantially over a year ago. The buying of air conditioned furniture, refrigerators, and similar goods was well maintained. Purchases of floor, coverings, and draperies slightly exceeded those of a year ago.

Total food sales slipped somewhat from a week earlier, with declines in some dairy products, poultry, and eggs. There were moderate gains in fresh meat, cold cuts, and fresh produce.

Volume in canned goods was sluggish this week, except for some varieties. This is due in part to the purchasing of fresh fruit and vegetables but interest in poultry, eggs, and cheese remained close to the preceding week.

Total food sales in June from 4% from the prior month and were up 15% over June, 1956, according to the United States Department of Agriculture. The increase in the past six months of 1959-14% over that of the comparable 1958 period.

Favors Standby Authority

There are serious students of the Federal Reserve System who believe that Federal Reserve policy should be supplemented by a standby authority to control inflation through an installment credit and mortgage credit. There is an understand¬

that mortgage authorities to regulate such credit. There are indications that housing industries since they supply

important social needs and contribute to raising living stan¬

dards. But experience has shown that such authority can intensify economic fluctuations, and that the great volume of funds which Black to these indus¬

tries does not readily respond to general monetary controls. Selective controls may not appear nec¬

essary the first of this year.

There is no reason why the Federal Reserve should not be allow able to regulate the terms of installment and housing credit. The conditions warrant the use of selective controls. There are many instances in which there are such tools available during the Federal Reserve System, but the need for regula¬

tory pressures would be produced.

Budget Surplus in Good Times

Among the tests as to whether we really mean business in dealing with the problem of creeping inflation is the test as to the willingness to pay money at a time when the monetary authorities aim to cut prices. In some cases, while the Federal Reserve is struggling to save the dollar, the Treasury is busily engaged in feeding it.

Important as monetary and fis¬

cal policies are in dealing with the problem of creeping inflation, the releasing of even more consumer buying is also at issue. If a demand for more consumer buying is to be expected, the question of inflation is not only an economic problem, but it is a financial problem as well. The releasing of consumer buying is a matter of rising prices and rising prices has a number of implications.

Union wage policies and the

pricings practices of industry play an important role in the continu¬

ous upward climb of the price level. The effects of collective bargaining pressures, which push up rates of wages and prices, and increase in the output of goods and services, in the present situation are largely accompanied by an increase in the demand for consumer goods and services. The rise in prices is greater than the rise in wages.

1. Federal Reserve Bank of St. Louis

2. A. Zavitz

3. James P. Mitchell

Bargaining With Monopoly

"This past week, Mr. Roger Blough, head of United States Steel, Mr. Arthur Homer, head of the United Steelworkers of America, Mr. Max F. McDonald, for labor, have made public statement on the role of Government in the steel dispute. The union has come to the Government: 'Do not interfere.'

The union has said to the Government: 'Get involved.' But at the same time, both parties are looking for a way to make some done very little to see up to their own responsibilities to the American people and to the thousands of workers who have been affected by the strike. There have made no serious, conscientious effort to reach an agreement.

Monopoly bargaining is the most effec¬

tive means for settling differences between labor and management in our free enterprise system.

The parties to this dispute have made no serious effort to exercise their right of collective bargaining. This is a precious right which carries with it the obligation of free workers and free employers to act reasonably and to refuse to resolve the problems over the bargaining table.

James P. Mitchell, Secretary of Labor.

The union is determined to win substantial and costly concessions from the companies—and is prepared to settle for nothing less.

But what is it that they can make no such concessions without serious injury to them¬

selves and the country.

There are some things more important than a quick end of this strike.

Continued from page 35

Continued from page 14

The Sense of Congress"

"It is the sense of Congress that monetary and debt management officials of the Government shall in discharging their responsibilities take fully into account the importance of promoting a continuity of employment provided, reasonable growth in the consumer price level, and a minimum sustainable rate of economic growth, maintain¬

the purchasing power of the dollar and the cost of managing debt is the problem is common with these vital national objectives."

Proposed provision to be included in bill to remove interest rate ceiling on long-term government obligations.

A strange conglomerate of duties for a central banking system!

But we suppose the politicians must have their day.

James P. Mitchell

Four Ways Wayneco

Four ways Wayneco

CHICAGO, III. — James W. Ziegler, a senior branch manager, Iliana, Philip A. Leek, Max F.

Eppier, Guerin Adds

Eppier, Guerin Adds

FT. WORTH, Texas—Robert D. S. Gull, 29, is entering in a securities business from offices at 126 South Second in the name of Wayneco, The Investment House, Inc. 413 North Lake Shore Drive.

Investment House Opens

Investment House Opens

TULSA, Okla.—L. Richard Humphries has joined the staff business offices from 126 South

Epipper, Guerin & Turner, Fort Worth National Bank Building.

Mutual Trust Distributors

Mutual Trust Distributors

HILLSBORO, Ore.—William E.

James P. Mitchell, Secretary of Labor.

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#### EMPLOYMENT AND WAGES—U.S. DEPT. OF LABOR—REVISED SERIES—Month of May

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### U.S. BANKRUPTCY REPORTED

#### COTTON SALES AND COTTON SEED PRODUCTS

<table>
<thead>
<tr>
<th>Observation Date</th>
<th>Amount (in 000 bbls.)</th>
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<tbody>
<tr>
<td>Total</td>
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<tr>
<td>Cotton Seed</td>
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<tr>
<td>Smoking</td>
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<tr>
<td>Crude</td>
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Acme Missiles & Construction Corp.  
July 24 filed 200,000 shares of common stock (par $25), for sale of which the net proceeds of $4,900,000 will be offered for the account of the company, and 50,000 shares will be offered for the account of the officers and directors. — Proceeds—For general corporate purposes, including the construction of a new plant and the acquisition of additional machinery and equipment. — Offer price $25 per share.

Acorn Industries, Inc.  
July 22 (letter of extension) 200,000 shares of common stock (par $1), for sale of $500,000, will be offered for sale of which a price of $50.50 per share will be paid for the account of the company, and 50,000 shares will be offered for the account of the officers and directors. — Proceeds—For general corporate purposes, including the construction of additional gas producing plants and the expansion of industrial facilities in California. — Offer price $50.50 per share.

Alabama Gas Corp.  
July 8 filed 50,000 shares of $5.50 series A cumulative preferred stock, par $100 (with attached warrants) being offered to stockholders of record Aug. 6, 1959, on the basis of one warrant for each share of common stock held. — Proceeds—For payment of construction costs. — Offer price $125 per share.

Alaska Mines & Metals Inc.  
Feb. 25 filed 1,241,200 shares of common stock (par $1) for sale of which the net proceeds of $2,000,000 will be offered for the account of the company, and 631,200 shares are to be reserved for sale to the holders of common stock of the company. — Proceeds—For general corporate purposes, including the construction of additional mining facilities in Alaska. — Offer price $1 per share.

Amidex, Inc.  
July 21 filed $4,000,000 of convertible subordinated debentures, due Aug. 1, 1970, 7% interest (par $100). — Proceeds—To be supplied by the underwriters. — Offer price $93 per share.

Aird, D. C. & W. Co.  
July 21 filed 4,000,000 of convertible debentures, due Aug. 1, 1970, 7% interest (par $100). — Proceeds—To be supplied by the underwriters. — Offer price $93 per share.

Albuquerque Metals & Minerals Ltd.  
July 8 filed 500,000 shares of common stock (par $1), for sale of which the net proceeds of $750,000 will be offered for the account of the company, and 631,200 shares are to be reserved for sale to the holders of common stock of the company. — Proceeds—For general corporate purposes, including the construction of additional mining facilities in New Mexico. — Offer price $1 per share.

Aluminum & Natural Gas Corp.  
July 30 filed $5,000,000 of five-year 5% sinking fund debentures, due Aug. 1, 1966, with interest (par $100). — Proceeds—To be supplied by the underwriters. — Offer price $92 per share.

Ampal-American Israel Corp.  
July 30 filed $5,000,000 of five-year 5% sinking fund debentures, due Aug. 1, 1966, with interest (par $100). — Proceeds—To be supplied by the underwriters. — Offer price $92 per share.

Apache Oil Corp.  
May 25 filed 250,000 units of participation in the Apache Oil Corp. issued on Aug. 1, 1959, of which 20,000 shares of common stock (par $1.25). — Proceeds—For general corporate purposes. — Offer price $1 per share.

Arizona & Southern Inc.  
July 21 filed 900,000 shares of common stock (par $1), for sale of which a price of $1 per share will be paid for the account of the company, and 631,200 shares are to be reserved for sale to the holders of common stock of the company. — Proceeds—For general corporate purposes, including the construction of additional mining facilities in Arizona. — Offer price $1 per share.

Arapahoe Chemicals, Inc.  
Aug. 3 (letter of notification) 30,000 shares of common stock, par $1, for sale of which the net proceeds of $300,000 will be offered for the account of the company, and 51,512 shares are to be reserved for sale to the holders of common stock of the company. — Proceeds—For general corporate purposes. — Offer price $10 per share.
**Federal Reserve Bank of St. Louis**

**August 19 (Wednesday)**

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**Salt**

Continued from page 29

ing capital.

**Colorado Water & Power Co.**

For (letter of notification) $25,000,000 of 7% unsecured debentures due April 1, 1965, and 1,000 shares of common stock. Price—$205 per unit. Proceeds—Executive Office, Suite 421, 801 California St., Denver, Colo.

**Commercial Oil Refining Corp.**

Due Oct. 10, pursuant to the mortgage deeds on Sept. 1, 1965, $20,000,000 of subordinated debentures due Oct. 1, 1966, and $2,500,000 of convertible preferred stock. Price—$100 per bond and $18 of stock for each $100 of debentures — or nine shares of stock. Proceeds—To refund outstanding bank loans, to be used for general corporate purposes. Underwriter—Lehman Brothers, New York.

**Commercial Investors Corp.**

Nov. 28 (letter of notification) $90,000 of common stock. Price—$5 per share. Proceeds—To be used as the bank officers, to be used for the benefit of the company. Underwriter—None.

**Community Public Service Co.**

Aug. 7 filed 20,000 shares of convertible preferred stock, $20 par value. Proceeds—To be used to repay bank loans, which were incurred for extensions and improvements of existing plant. Underwriter—None. Proceeds—For investment. Office—50 So. Main St., Salt Lake City, Utah. Underwriter—None. Sale to be made at $70 per share. Underwriter—Expected in August. A. U. H.

**Consolidated Petroleum Industries, Inc.**

April 30 (letter of notification) 80,000 shares of new convertible, preferred stock, $100 par value. Proceeds—To be used by the company. Underwriter—Steps in. (3/4) per share. Proceeds—For general corporate purposes. Proceeds—For the bank officers, to be used for the benefit of the company. Underwriter—None.

**Coral Ridge Properties, Inc.**

Aug. 7 filed 3,500,000 shares of $0.09 convertible preferred stock, $10 par value. Proceeds—For the development of the property, including the purchase of the land. Underwriter—None. Proceeds—For general corporate purposes. Proceeds—For the benefit of the company. Underwriter—None.

**Crescent Petroleum Corp., Tulsa, Okla.**

Aug. 26 filed 100,000 additional shares of preferred stock, $10 par, and 50,000 additional shares of common stock. Price—$25 per share. Proceeds—To be used for the benefit of the company. Underwriter—None. Proceeds—To be used by the company to repay bank loans, acquire inventories, including electronic test and manufacturing equipment, and for general corporate purposes. Proceeds—For the benefit of the company. Underwriter—None.

**Curtis Industries, Inc.**

July 31 filed 50,000 shares of common stock. Price—$10 per share. Proceeds—For general corporate purposes. Proceeds—For the benefit of the company. Underwriter—None.

**Dixie Natural Gas Corp.**

July 30 (letter of notification) 277,000 shares of common stock. Price—$3 per share. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None.

**Drexelbrook Associates, Inc.**

May 16 (letter of notification) 3,000 shares of common stock. Price—$3 per share. Proceeds—For the benefit of the company. Underwriter—None.

**Eagle Food Centers Inc.**

July 23 filed 188,500 shares of common stock (par $25), of which 3,500 shares are reserved for officers of the company to purchase. Underwriter—None.

**Equity Fund Center, Inc.**

July 28 (letter of notification) 22,000 shares of common stock (par $25). Price—$25 per share. Proceeds—For the benefit of the company. Underwriter—None.

**Equity Fund Inc.**

Aug. 9 filed 150,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For general corporate purposes. Proceeds—For the benefit of the company. Underwriter—None.

**Faraday Electronics Corp., Newark, N.J.**

June 23 filed 220,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For general corporate purposes. Proceeds—For the benefit of the company. Underwriter—None.

**Federated Investors, Inc.**

July 16 (letter of notification) 42,000 shares of class B common stock (par $1). Price—$1 per share (par value $0) to be sold for the account of the issuing company. Proceeds—For the benefit of the company. Underwriter—Maltz, Greenwich, N.C.

**Fidelity Investment Corp., Phoenix, Ariz.**

July 27 filed 1,500,000 shares of common stock of which 7,000,000 shares are to be offered for subscription by the company. Proceeds—To be used for the benefit of the company. Underwriter—None.

**Electronic Data Processing Center, Inc.**

June 28 (letter of notification) 17,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For the benefit of the company. Underwriter—None.

**Emirite Corp.**

July 13 (letter of notification) 250,000 shares of series A common stock (no par) to be offered for subscription by the company. Proceeds—To be used for the benefit of the company. Proceeds—To be used for the benefit of the company. Underwriter—None.

**Empire Financial Corp.**

July 18 filed 140,000 shares of common stock (par value $0) to be offered for subscription by the company. Proceeds—For the benefit of the company. 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 $1,050 for single premium contracts. Proceeds—For the benefit of the company. Underwriter—None.

**Equity General Corp.**

June 29 filed together with Development Corp. of America, registration statements seeking registration of $5,000,000 of common stock, 149,478 shares of preferred stock, and convertible debentures for sale. The Equity Corp. is the owner of 5,243,220 shares of Equity General Corp. and proposes to offer or sell the remaining equity in the company to the public in exchange therefor, on a one-for-one basis. Equity General Corp. proposes to offer to sell to the public 500,000 of such the shares to the holders of Equity General Corp. in exchange therefor, on a one-for-one basis. The Board of Directors of Equity General Corp. has authorized the issuance of 2,500,000 shares of Equity General Corp. preferred stock in exchange for shares of Development Corp. on the basis of one stock for one preferred stock of Development Corp. preferred. Office—103 Park Ave, New York, City.

**Extradu-Film Corp.**

July 2 filed 175,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None. Proceeds—For the benefit of the company. Underwriter—None.
Genesco common stock for each share of Formfit common stock. (Genesco has agreed to exchange 454,318 shares of 6% convertible preferred stock of Genesco for such shares or approximately 84.9% of the common stock of Formfit.)

Office—111 Seventh Avenue, North, Nashville, Tenn.


Georgia—Bonded Fibers, Inc. July 10 (letter of notification) 100,000 shares of class A common stock (par $1). Price—$1.25 per share. Proceeds—To increase capital. Underwriters—Lee & Co., Inc., Raymond Commercial Building, New York, N. Y.


German Pacific Corp. June 18 filed 572,500 shares of common stock (par one cent). 50,000,000 shares stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 30,000 shares are purchasable upon exercise of the warrants. Price—$1.25 per share. Proceeds are for the general capital purposes of the company.

Government Employees Variable Annuity Life Insurance Co. Nov. 1 filed 2,500,000 shares of common stock (par $1) to be offered by company vis: (1) to holders of common stock (par $10) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,534,570 warrants are now outstanding); (2) to holders of common stock (par $10) in the new company at a price of $1 per warrant; (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of 1 warrant per share of stock held (448,000 warrants). Price—$1 per share. Proceeds—For capital and surplus. Underwriters—Lazard & Co., and C. F. Dickson & Co., New York, N. Y.


F. W. Woolworth Co., Inc. June 25 filed 200,000 shares of 6% cumulative convertible preferred stock (par $2) and 100,000 shares of common stock (par $10). The company proposes to offer 200,000 preferred shares and 50,000 shares of the common stock consisting of 4 shares of preferred and one share of common stock. Price—$8.00 per unit. The remaining 50,000 shares of common stock are to be offered to holders of preferred stock. Underwriters—David Barnes & Co., Inc., all of New York; and Palis Securities, West Orange, N. J.

Hawthorne & Co., Inc. June 8 filed 300,000 outstanding shares of common stock. These shares are part of the 962,989 shares (59.3%) held by Robert Allmand, Jr., who has agreed to offer 100,000 shares for sale to the business associates of the company. Underwriters—Loayza & Company, New York, N. Y.


Hemisphere Gas & Oil Corp. April 27 (letter of notification) 300,000 shares of common stock (par $0.0025), $30 per share. Proceeds—For development of oil and gas properties. Office—705 W. Washington Blvd., Los Angeles 15, Calif.

Honeywell, Inc. March 11 (letter of notification) 235,000 shares of common stock (par $1). Price—$5 per share. Proceeds—To pay existing liabilities; for additional equipment; and for working capital. Office—East Seventh Street, P. O. Box 186, Des Moines, Iowa; also, to establish a new office in Denver, Colo. Offering—Expected sometime in August.

Horn & Hardart Co., Inc. June 12 (letter of notification) 50,000 shares of common stock (par $0.001), to be offered by the company at a price of $1 per share. Proceeds—To retire a loan from Hillsdale National Bank and for general corporate purposes. Underwriter—J. Stromberg & Co., New York, N. Y.

Huntington Construction & Draying Co., Ltd. June 16 filed 25,000 shares of common stock to be offered at a price of $1.25 per share. Proceeds—To be used for the purchase of one new ship for five shares then held. Rights to expire on or about July 30, 1959. Office—200 South Calle Larga, Los Angeles, Calif. Underwriter—None.

Hyalite, Inc. June 23 filed for preliminary prospectus (jointly; Kidger, Peabody & Co. and Blyth & Co., New York, N. Y.) for the sale of $35,000,000 of first mortgage bonds due 1989. Proceeds—To repay the major portion of the company’s long-term debt which had not been financed to the company’s construction program. Underwriters—First Boston & Co. Inc., and Blyth & Co., Inc. Probable holders: Halsey, Stuart & Co., Inc.; Lehman Brothers, Eastman Dillon, Union Securities Co. and Salomon Brothers & Hattier (jointly); Blyth & Co., Inc.; Lazard Freres & Co. and The First Boston Corp. (jointly); Kidger, Peabody & Co. and Blyth & Co. Underwriter (jointly). Bids—Expected to be received up to noon (EDT) on Aug. 19.

Hotel Corporation of Israel July 18 filed 250,000 shares of common stock (par $5) and $1,650,000 of 5% convertible debentures, due Aug. 1, 1958, to be sold at a price of $10 per share. Proceeds—To purchase, complete, and furnish various hotel and related purposes. Underwriter—11 South La Salle St., Chicago, Ill. Underwriter—None.


I & C Inc. (8/28) June 29 filed 600,000 shares of common stock (par $1), to be offered by the company at a price of $10 per share. Proceeds—For corporate purposes and in the preparation of the concentrate and pre-admixture of concrete. Underwriters—Sheeler & Co. Inc., and Lazard Freres & Co. (jointly). Proceeds—To be used in financing of its beverages, and where necessary to make loans to such bottlers, etc. Offer¬ing—400 Holders of stockholders. Underwriter—None.

Ideal Cement Co. July 31 filed 675,000 shares of capital stock. These shares are part of the 2,300,000 outstanding shares (80% of the common stock (par $1) of the Volunteer Portland Cement Co., Inc., of Portland, Ore. Underwriter—None.

Independent Telephone Corp. June 29 filed 12,000 shares of 5% convertible preferred stock, series A ($40 par), and 808,783 shares...
Continued from page 41

of common stock, together with warrants for the purchase of 750,000 shares of preferred stock, for $5.50 per share. Proceeds—To purchase and cancel the outstanding balance of its preferred stock. Underwriter—None.


Mercantile Acceptance Corp. of California May 15 (letter of notification) filed 166,000 shares of common stock (par $1) for $166,000 per share. Price—At face amount. Proceeds—For working capital. Office — 233 Montgomery Street, San Francisco, Calif. Underwriter—Guaranty Securities Corp., San Francisco, Calif.

Matallurgical Processing Corp., Westbury, N. Y. May 16 filed 427,000 shares of common stock (par $10) and 50,000, one-year warrants for the purchase of common stock, for $250,000 and $500 for each share of common stock and 25 warrants. The registration also includes an additional 200,000 three-year warrants, exercisable at $2, of which 150,000 have been issued to certain stockholders and employees. Price—$257 per unit. Proceeds—To discharge indebtedness; for expansion of sales efforts; and for working capital. Office—79 Madison Ave., New York. Underwriter — General Investment Corp., New York.

Micona Electro Medical Products Corp. June 1 filed 250,000 shares of common stock (par 10 cents) and 50,000, one-year warrants for the purchase of common stock, for $150,000 and $250 per each share of common stock and 25 warrants. The registration also includes an additional 200,000 three-year warrants, exercisable at $2, of which 150,000 have been issued to certain stockholders and employees. Price—$257 per unit. Proceeds—To discharge indebtedness; for expansion of sales efforts; and for working capital. Office—4061 Transport St., Palo Alto, Calif. Underwriter — Underwriter.


Mona Marking System Co. Aug. 12 filed 100,000 shares of common stock, of which 100,000 shares are reserved for the company's use in issuing common stock, and 50,000 shares, representing outstanding warrants issued to certain stockholders and employees prior to the filing, are reserved for possible conversion into common stock. Price—To be supplied by amendment. Proceeds—For working capital. Office—Dayton, Ohio. Underwriter—None.

Narda Microwave Corp. (8/24-28) June 16 filed 50,000 shares of common stock (par 10 cents) and 25,000, one-year warrants for the purchase of common stock (par $1) for $400,000 and $800 per each share of common stock and 25 warrants. Price—To be supplied by amendment. Proceeds—To provide additional working capital for the purchase of vendors' interests in conditional development of new microwave equipment and gas leases on publicly owned lands in Green and Taylor Counties, Kentucky, some of the interest being producing interests. Office—11746 Appleton Avenue, Detroit, Mich. Underwriter—Underwriter. Office—Underwriter.

National Citrus Corp. Aug. 13 filed 313,000 shares of common stock (par $1) and 150,000 shares of common stock. Price—At par ($2 per share). Proceeds—To be used in connection with the acquisition of all the properties of the Union Fruit Co., Inc., and the Exchange Stockholders Agreement (letter dated 8/24-28). Office—P. O. Box 1608, Lakeland, Fla. Underwriter—R. F. Campeau Co., Inc., Detroit, Mich. Offering—Expected in August.

National Industrial Minerals Ltd. April 17 filed 17,000 shares of common stock (par $1) for $17,000 for use in some of the 200,000 shares of common stock reserved for use in some of the 200,000 shares of common stock reserved for use in the construction of a new building. Price—To be supplied by amendment. Proceeds—To be used in connection with the acquisition of all the properties of the Union Fruit Co., Inc., and the Exchange Stockholders Agreement (letter dated 8/24-28). Office—Regina, Saskatchewan, Canada. Underwriter—R. J. Allen, Regina, Saskatchewan, Canada.

National Lead Co. June 29 filed 23,863 shares of common stock. On June 29, the company filed an agreement with the government providing for the acquisition of the assets of Goldsmith and Smith Cruise in return for the government's approval of the takeover of the company by the company's management. Under the agreement, the government will receive 50% of the company's stock (or a number as provided for in the agreement) and the assumption by the National Lead of certain liabilities of Goldsmith and Smith Cruise. The government will receive and may sell the National Lead stock re-
National Life & Casualty Insurance Co. May 6 filed 23,550,000 shares of common stock to be offered to the public at $9 3/4 per share by underwriters of company's life insurance policies issued on or prior to Dec. 31, 1953, and certain other purposes. Proceeds—To increase capital and surplus. Offer—230 Park Avenue, New York. Underwriter—American Diversified Mutual Securities Co., Washington, D. C.

Northeast Furniture Center, Inc. Aug. 4 filed, registered and to be sold prices 300,000 shares of class B common stock (no par). Price—$5 per share. Proceeds—For working capital and general corporate purposes. Offer—555 Summer Ave., Westbury, N. Y. Underwriter—None.


National Telepix, Inc. April 24 filed 100,000 shares of common stock (par one cent). Price—$3 per share. Proceeds—For working capital and investments. Offer—Hartdale, N. Y. Underwriter—None.

New Oil Tool underwriter.

New Pacifc Coal & Oils Ltd. June 11 filed 2,625,000 shares of common stock, of which 1,000,000 shares will be sold to the public at one cent per share. The company; 100,000 shares will be offered for the account of the holders of the outstanding bonds of the company; and the remaining 165,000 will be paid as additional consideration to the underwriters. Price—Related to the then current market price on the Chicago Board of Stock Exchange. Proceeds—To repay bank loans, for development of properties, and for other corporate purposes. Offer—165 Yonge Street, Toronto, Canada. Underwriter—Barrington & Co., New York.


New York Life Insurance Co. June 1 filed 1,600,000 shares of common stock (par $1). Proceeds—For sale to the public at the market price on the Canadian Stock Exchange at the time of offering. Closing price Aug. 7 was 84 cents. Proceeds—To meet obligations of the company. Offer—14-24 Broadway, Street, Toronto, Canada. Underwriter—Willis E. Burns & Co., Inc., New York.

New York Life Insurance Co., Ltd. March 31 filed 1,000,000 shares of common stock (par $1). Proceeds—To assist the Canadian government in meeting its obligations in connection with its development assistance programs. Offer—14-24 Broadway, Street, Toronto, Canada. Underwriter—Willis E. Burns & Co., Inc., New York.


Northeast Furniture Center, Inc. Aug. 4 filed 300,000 shares of common stock to be offered to the public at $9 3/4 per share by underwriters of company's life insurance policies issued on or prior to Dec. 31, 1953, and certain other purposes. Proceeds—To increase capital and surplus. Offer—230 Park Avenue, New York. Underwriter—American Diversified Mutual Securities Co., Washington, D. C.

Pan-Alaska Corp. Aug. 7 filed 2,612,450 shares of common stock to be offered to the public at $10 1/2 per share by Marine Drilling Co., Inc. Offer—July 25 for 200,000 shares of common stock (par $1). Proceeds—To meet obligations of the company. Offer—14-24 Broadway, Street, Toronto, Canada. Underwriter—Lee Higginson Corp. and H. Kent & Co., both of New York.

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United Tourist Enterprises, Inc.
July 14 filed 4,500,000 shares of class A common stock (par $10) for sale at $25 per share. Proceeds—For general corporate purposes. Underwriter—J. P. Morgan.

United States Steel Corp.
July 9 filed 1,500,000 shares of common stock (par $25) at a price of $29 to $31 per share. Proceeds—For the expansion of the company's plants and for working capital. Underwriter—First Boston Corp. New York.

United Western Life Insurance Co.
July 14 filed 1,530,000 shares of common stock (par $3) at a price of $11 to $12 per share. Proceeds—For general corporate purposes. Underwriter—Counterparts, Inc., New York.

Universiti of Central Florida.
March 5 filed 1,000,000 shares of common stock (par $1) at $10 per share. Proceeds—For the expansion of the company's facilities and for working capital. Underwriter—First Boston Corp. New York.

Women's Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $1) at $10 per share. Proceeds—For general corporate purposes. Underwriter—None.

Wyoming Corp.
Nov. 16 filed 1,199,307 shares of common stock. Of these shares 1,199,207 are subject to partially completed subscrip- tions at prices of $3.00, $3.50 and $4.00 per share, and the additional 1,000 shares are subject to completed subscriptions. Underwriter—None.

Prospective Offerings

Albertson's Inc.
June 23 it was reported that the company contemplated offering 1,000,000 shares of its common stock. Business—Food stores concern. Underwriter—E. F. Hutton & Co., Inc., New York.

American Gypsum Co.
July 5 it was reported that the company will register 250,000 shares of its common stock for sale by the company. Proceeds—For the expansion of a gypsum products plant in Holbrook, Ariz., and for working capital. Underwriter—Alamogordo, N. M., and Navajo, N. M.

Atlantic City Electric Co.
Aug. 14 it was reported that the company is planning an offering of 1,000,000 shares of its common stock. Business—Electric company. Underwriter—J. P. Morgan & Co., New York.

Aurora Plastics Corp.
July 21 it was reported that the company plans early registration of 225,000 shares of common stock (part for selling stockholders). Business—Manufactures plastic container models. Underwriter—Furnham & Co., New York.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates offering an issue of $4,500,000 of common stock. Proceeds—For expansion program and additional working capital. Business—The company is engaged in the manufacture of the various types of hardware, such as locks, and is the franchised dealer for the national networks of Halsey & Co., and other proprietary products. Underwriter—S. D. Fuller & Co., New York.

Boston Edison Co.
July 23 it was reported that at a meeting to be held Sept. 20 it was decided that the company will register 2,000,000 of its common stock. Proceeds—For the expansion of a 20,000,000 kw. power plant in Reading, Pa., and to be retained in the restricted common stock pool. Underwriter—None.

Buckingham Transportation, Inc. (8/7/21)
July 17 it was announced that the company is planning an offering of 1,000,000 shares of its common stock (par value $1). Underwriter—Crutched, Podesta & Co., Chicago, Ill.

Continued on page 46
Federation Bank & Trust Co.

June 30 the Directors approved and the stockholders approved, July 14, the sale of $10,000,000 of 12% debentures, $1,000,000 of 6% preferred stock, and an amendment. Proceeds—To increase capital and surplus. Underwriter—None.

Gateway Airlines, Inc.

July 30 it was reported that the company will make an initial public offering of 1,000,000 shares of common stock and for general corporate purposes. Underwriter—Dunne Co., New York. Registration—Planned for the week of Aug. 7.

General Contract Finance Corp.

July 31 it was announced that the company's stockholders will be asked on Sept. 15 to approve an issue of 24,000,000 shares of stock. Of these shares, 150,000 will be offered initially. Fra¬mes—To be added to the general funds of the company and be used for its finance and personal loan opera¬tions. Underwriter—H. R. Walker & Co., St. Louis, Mo. Registration—Planned sometime in October.

General Flooring Corp.

July 31 it was reported that the company plans early registration of $1,500,000 of 15-year bonds and common stock. This will be the company's first public financing. Business—Manufacturers of floor coverings. Proceeds—For capital expansion and for borrowing more equipment. Offer¬ing—To sell 100,000 shares of common stock. Underwriter—Allen & Co., New York. Registration—Planned for Aug. 21.

Harrison Electrosonics, Inc.

Aug. 6 it was reported that the company plans to register 133,000 shares of common stock (no par). Price—$3 per share. Proceeds—For working capital and expansion of plant facilities. Underwriter—New York, Mass. Registration—Expected in late September.

Hawaiian Telephone Co.

Aug. 7 it was reported that the company has received approval from the Territorial Public Utilities Commission to issue 209,000 shares of common stock, to be offered first to stockholders on the basis of one new share of common stock for each seven shares held. Underwriter—None.

Hawaiian Telephone Co.

Aug. 3 it was reported that the company received approval from the Territorial Public Utilities Commission to issue $4,000,000 of new bonds. Last bond issues were placed privately.

Hooker Chemical Corp. (9/15)

Aug. 4 it was announced that the company, subject to favorable market conditions and required stockholder consent, will offer approximately $25,000,000 principal amount of convertible subordinated debentures due 1984 to stockholders on the basis of 100 of debentures for each 30 shares of common stock held.

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 capital expansion and better buying. Underwriter—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; The First Boston Corp., Merrill Lynch, Pierce, Fenner & Smith, Inc.; Lehman Brothers, Inc.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastern Dillon, Union Securities & Co.; Lehman Brothers, Pierce, Fenner & Smith, Inc.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastern Dillon, Union Securities & Co.; Lehman Brothers, Pierce, Fenner & Smith, Inc.; Salomon Bros. & Hutzler; Underwriter—Expected in the latter part of this year.

Duquesne Light Co.


El Paso Natural Gas Co.

Stockholders voted April 11 to increase the authorized preferred stock to 1,000,000 shares and to issue 25,000,000 shares of common stock. Proceeds—To be used in the company's expansion program. Underwriter—White, Weld & Co., New York.

Essex Universal Corp.

June 13 it was reported that the company in the next few months expects the issuance and sale of about $2,000,000 of debentures. Underwriter—D. H. Blair & Co., New York.

Federal Reserve Bank of St. Louis

http://fraser.stlouisfed.org/

Northern Natural Gas Co. (10/1)

July 31 it was recently reported that the company plans the issuance of about $20,000,000 of debentures. Proceeds—to finance a part of the company's construction program. Underwriter—Blyth & Co., New York.

Northern Natural Gas Co. (10/1)

July 31 it was announced that the company has applied to the Nebraska State Railroad Commission for author¬ization to offer, for subscription or sale of $100,000,000 of first mortgage bonds. Proceeds—to finance the company's construction program. Underwriter—Blyth & Co., New York.

Philadelphia Electric Co. (10/14)

Aug. 8 it was reported that the company is planning to file with the Securities & Exchange Commission and the Pennsylvania P. & C. Commission $90,000,000 of 30-year bonds. Proceeds—to help finance the company's construction program. 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 Lynch, Pierce, Fenner & Smith, Inc.; (jointly); Blyth & Co.; (jointly). Bids—Expected to be received on Oct. 14.

Pittsburgh & Lake Erie RR (8/26)

Aug. 1 it was announced that the company plans to re¬lease 1,000,000 shares of common stock for subscription or sale of $3,150,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co.; Inc.; Salomon Bros. & Hutzler.

Puget Sound Power & Light Co.

May 15, Frank McLaughlin, President, announced company plans to issue and sell first mortgage bonds later this year. Proceeds—to be used in the company's expansion program by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; (jointly); Blyth & Co.; (jointly). Bids—Expected to be received sometime in June.

Random House Inc.

Aug. 3 it was reported that the company plans some additional financing. Business—New York publishing firm. Underwriter—Allen & Co., New York.

Ryder System Inc.

Aug. 3 it was reported that the company plans issuance this fall of an additional 75,000 shares of present common stock, at $15 each, or 150,000 shares of new common stock (par $2.50). The ICC has approved the proposed two-for-one stock split. Underwriter—May be Blyth & Co. & Hutzler.

So. Carolina Electric & Gas Co.

June 22, C. S. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. Proceeds—to repay bank loans incurred for current operations. Previous issues have been placed privately.

Southern Pacific Co. (8/27)

Bids will be received up to noon (EDT) on Aug. 27 for $8,000,000 of equipment trust certificates, maturing in 10 equal annual installments, beginning Aug. 1, 1959. Proceeds—to be used for working capital. Underwriter—May be Blyth & Co. & Hutzler.

Union Electric Co. (Mo.)

July 17 directors authorized issuance of 1,000,000 shares of common stock to holders of record Sept. 10, 1959, on the basis of one new share for each 10 shares then held. Proceeds—to be used in the company's expansion program. Underwriter—to be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld, & Co.; and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; (jointly); Blyth & Co., Inc.; (jointly). Bids—Expected to be received by Aug. 30.

West Florida Natural Gas Co. (9/15)

July 13 it was reported that the company plans to register $1,750,000 of notes and common stock. Underwriter—Allen & Co., New York. Registration—Expected is August 29.
Business "Is Coastling" Say Purchasing Agents

Steel strike's duration dominates the outlook views of purchasing executives polled in this month's survey. They opine that a short strike would be followed by a quick resumption of production where it will addf to 35% of the estimated business for the balance of the year." In answer to a special question, 80% of the executives asserted that the increased cost of money has not affected their capital spending plans.

Purchasing Executives, in their report this month, say business is "coastling." The primary concern in looking at the future seems to be the duration of the steel strike. If the strike is settled promptly, the members of the National Assn. of Purchasing Agents (Staff Report) Committee believe that industrial production will quickly resume its growth. If the strike is prolonged, it will adversely affect business for the balance of the year.

G. Production Volume: For the last month, largely as a result of the steel strike. Only 35% tell of increased production, as compared to 46% reporting increases in June and 49% in May. Currently, 35% state there is no change and 10% report decreases. New orders follow a similar pattern, with 36% showing an increase, 48% no change, and 16% reductions.

There has been relatively little movement of commodity prices, either up or down. Buyers continue to play it "close to the vest" and are avoiding any major inventory accumulation program, as well as avoiding extended forward purchase commitments. In general, they are buying only what they need to meet current production schedules.

Steel items dominate those that are in short supply, but no critical shortages are reported even here. Except for strike situations, employment is slightly improved from last month.

This month we sought to determine what effect, if any, higher interest rates have had on proposed capital expenditure programs. Among our respondents, the belief that borrowing money has not affected their plans at all; 16% are deferring plans, and 4% have temporarily stopped all expansion.

Commodity Prices

Generally, commodity prices are holding steady. Most changes in the last 30 days, either up or down, have been relatively minor. There is strong feeling that the settlement in the steel industry will set the pattern for general price trends in the immediate future. If steel holds the line, other industries will be under pressure to avoid increases. If the price of steel goes up, other items will follow.

Statistically, this month 68% of our members report no change in prices, 25% tell of increases, and 7% say prices are down.

Inventories

While purchased material inventories are reported as up slightly this month, buyers are still reluctant to embark on any sizable inventory accumulation program. Most still feel that, except for strike created shortages, the items they buy will continue to be available in adequate quantities. And, until the future price picture is clearer, they are not willing to increase stocks to protect against anticipated price rises. This month, 36% report increased inventories, 46% no change, and 16% decreases.

Employment

As would be expected, employment is definitely off in some industries and in some geographical areas. On the other hand, there are many this month who report an even better employment situation than in June. The 22% reporting higher employment in July, up 9% from June. However, 11% say there are fewer on their rolls, which is 4% more than last month. Greatest percentage of all are in the steel making areas, in transportation, and in the coal fields. Balancing against these are the pickup in agriculture, general construction, and in the tourist industry.

Buying Policy

There is apparently no "scare buying" of any items where there is an industry-wide strike in effect or where one is anticipated. While special steel items may be in short supply in some areas, there is reportedly little buying of long life areas are stockpiling against some particularities in their localities.
Washington and You

The Commercial and Financial Chronicle — Thursday, August 13, 1937

WASHINGTON, D. C.—Officials of the oil and natural gas and sulphur industries have been but a few of those who have been keeping an eye on the State of Louisiana and its Governor, Earl Long. For weeks and weeks various departments of the United States Government, as well as Capital Hill, have been keenly interested in the tragic-comedy actions of Governor Long. There will be more muds and thistles in the late Huey Long's "bam-ba-loo" for months to come.

Certainly industry is vitally interested in the action on the basis of the huge investments made in Louisiana. Louisiana is a wealthy state. It has more fresh water, more oil and natural gas, more farming, better roads and places on the American Continent than any other state. It also has some of the most delightful French and Creole cooking anywhere, and the "danged" political questions.

Why are the various departments of the Federal Government watching Governor Earl Long and Louisiana politics? There are two reasons. Despite its wealth, Louisiana has more people than any state from a percentage standpoint, involving people 65 years and older.

Pensions Come Easy
A daughter or a son may be a worthy half-a-millionaire, but if the child has outlived his parent, the parents do not have a cent. There are no pension rolls. Half of the states pay larger pensions on average than Louisiana, but some of the others have as many as 300 or 400 pensioners per million of citizens getting pensions.

The Department of Health, Education and Welfare has been watching the actions of the Federal Government in the actions of Governor Long for the last 15 years. In the tax investigation of the Louisiana government, agents are investigating the Louisiana chief executive and have been for months and months. Officially, Internal Revenue Service officials, but the Internal Revenue Department has not released any detailed information about the investigation.

Louisiana, with its 64 parishes, is a different state than her sister states. The culture of the country is Catholic. The Catholic South of Louisiana, including fabulous old New Orleans, is far, far distant from the rolling pine trees of the southern Protestant North Louisiana.

Huey Long's Hayday
It was out of these red clay hills of Winn Parish (County) that Huey P. Long came in the 1920's and blasted a political trail that has done a lot of harm, and perhaps some good. He was an able man. He had the seed that he sowed is still growing today through the thorns and thistles. Huey Long was a dictator.

He not only controlled the executive branch, he controlled the legislature like sacks of potatoes, and a majority of the members of the Supreme Court. He was the King of Louisiana.

The Chief Justice of the Louisiana Supreme Court, Mr. Justice John B. Fournet, was selected Lieutenant Governor of Louisiana in 1932 with the all-out support of Huey, who ran for a third term with his brother Earl. Previously Huey and Earl had been together.

Earl Long, the older son of Huey, became Governor of Louisiana. When Governor Fournet died in the late Huey's first term, Earl called brother Huey horrible names and issued the charges at dictator Huey, and Fournet. However, before Huey died, Earl had paid the price for his wild conduct.

But the older long brother, Julius, just as a lawyer, down through the years has had a tough stand either for Huey's dictator days or for Earl's political abandonments. Probably he never voted for his brother in any capacity. Earl's many campaigns, with the exception of 1932 when Earl ran for governor.

Last Term for Earl?
While Earl is serving his third term as Governor of Louisiana, Louis B. Long, the liberal junior Unionist, is serving his second term as Governor. Even at this time, his junior, is Louisiana Demo¬cratic party's nominee for a third term in the Louisiana Commi¬teeman's seat on the Democratic National Convention. Dr George S. Long, former governor and the late Huey, died last year while as a member of Congress from the Eighth Louisiana Dis¬trict.

The State Constitution of Louisiana states that the Governor of the state, chosen from succeeding himself, without re-election, will receive an office for four years. Governor Long plans to get around that by resigning in September and running for a seat in the Legislature in December.

Whichever way he goes, Julius Long will resign, his close friend, Lieu¬tenant Governor Lether Frazar, will become temporary governor.

There are several candidates for governor. But there are two that stand out. They are former Governor James H. "Jimmie" Davis, who served as chief ex¬ecutive during the greater part of World War II, and Mayor deLassee S. (Chep) Morrison of New Orleans. Both are former governors.

Davis is Leading Candidate
Many neutral observers and political students concur that Louisiana needs able Chep Morgan, who served three terms as a mayor of New Orleans, and is a very different person than his former political leader.

Nevertheless, all of new, perhaps the leading candidate in the field is Mr. Davis, the up¬stater, small-town business man, and farmer, who has made his fortune in the bulk or country music. Perhaps his best known song is: "You are My Sunshine." Louisiana citizens know that if they could elect a mayor of New Orleans, who has made New Orleans a splendid marked rate. But the "welfare state" political philosophy which Huey established in his state when he ruled with an iron fist, is worth many, many votes.

Russell Long, the older son of Huey, probably will not run. If Earl Long should by chance de¬cide against making the campaign and would not resign, he would still be governor until May, 1960, when his present term expires.

Another Martyr Feared
People in high and low office in Washington have been ask¬ing why, in the face of Earl's actions and his sickness, the citizens of Louisiana do not do something about it. Louisiana, particularly the anti-Long people, remember that Huey Long became a political martyr.

Most of the older Anti-Long people, regardless of anti-Long people, say Long has been governor for more than a year when impeachment articles were instituted against him in March, 1932. After some tense and dramatic days and hectic maneuverings, the impeachment trial came to an end in June, 1932, when Earl did not resign, there were 29 to 19 against the State Senators.

Senator Russell Long has been trying with the idea of running for the governorship. He would not have to give up his seat to make the race. Rus¬sell Long is the only U. S. Sena¬tor in history who has been and is the only one of the 10 that in the Senate March, 1932. After some tense and dramatic days and hectic maneuverings, the impeachment trial came to an end in June, 1932, when Earl did not resign, there were 29 to 19 against the State Senators.

Therefore, the anti-Longs had no other choice but to acquiesce in the adjournment of the Legis¬lature, because conviction required at least two-thirds majority.

BUSINESS BUZZ

The same thing probably would happen if the Louisiana Senate tried to impeach Earl Long. The anti-Longs do not want to make a political martyr out of Earl. They believe he is on his way out, once and for all.

But a lot of sensational things can and probably will happen before the curtain is pulled on Earl Long's decorated ca¬reer.

[This column is intended to re¬flect the "behind the scenes" inter¬pretation from the nation's capital and is not intended to mirror the "Chronicle's" own views.]

Businessman's BOOKSHELF

CURRENT ECONOMIC COMMENT—August issue contains articles on Current Criticisms of the International Monetary Commiss¬ion; Recent Questioning of Monetary Policy; Comparative Trade Treaties and other American States; Attitudes toward Inflation and Deflation and Income Taxes Appraised; etc.—Brooklyn of Economic and Business Re¬source Publications from Box 658 Station A, Champaign, Illinois, 61820, Illi¬nois.


Freeman, August 1939—Con¬taining articles on Unemploy¬ment, Government in the New States, 3rd party medicine; 350 Marshall Street, New York, N. Y.—paper, $1.00.

Italian Affairs—May-June 1939, containing articles on State Railways; Merchant Navy; Indus¬try in 1938; Chemical Springs; Paper and Publishing Co. etc.—Italian Affairs, 63 Via Veneto, Rome, Italy; paper.


Natural Gas Construction Data Book—1939, containing Market Information and Statistical De¬partment, Gas Appliance Mar¬keting Co., Inc., 90 East 42nd Street, New York 17, N. Y.—paper, 35c.


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