

Declining Price Level Troubling Cement Industry

BY REYNOLDS KNIGHT
Cement manufacturers are contemplating this new year with an outlook about the same shade of dull gray as their product. Their industry is suffering from declining prices, currently manifest in discounts to customers, because of overexpanded plant capacity.
It's not that demand has slackened particularly, but rather that production capacity is now more than enough to satisfy demand. The industry's

expansion binge of the 1956-61 period saw its capacity boosted by nearly 30 per cent. A specific after-effect of that binge is that, in some concentrated population areas, four or more companies each have warehouse and distribution facilities, which means fierce competition for the local construction business that's available.
AT EAST Coast ports, imports of low-cost foreign cement are an additional complicating factor. However, im-

ports account for less than five per cent of the national total. For builders and new-home buyers, it's a case of "one man's poison is another man's meat," for lower cement costs can be reflected in the price of finished homes. And highway building costs will be lower for governments—at least for concrete bridges and roadways. Meanwhile, cement makers will continue to nurse those expansion-caused hangovers.
TRANSPORT SHAMBLES—

It's high time the nation moved to put its transportation house in order acting impartially for all forms of transportation. That's the view of railroad industry leader David Mackie, who warns in a current magazine article (in the January Reader's Digest) that a major crisis is already on us, threatening "the bankruptcy of our railroads, and of our common-carrier system."
The crisis can be checked, says Mackie, chairman of Eastern Railroad Presidents Con-

ference, only by the establishment of a "truly national policy with just and equitable controls for all transport."
"WE AMERICANS spend roughly 50 billion dollars a year on transportation to move our products, with a cost to the consumer of about a dime on every dollar," Mr. Mackie reports. This could be reduced by several billion dollars if all transportation forms had the same legal advantages.
In his article, "The Crisis in

U. S. Transportation," Mackie praises President Kennedy for urging "a constant and comprehensive framework of equal competitive opportunity."
The railroads, Mackie says, are being crushed by competitive chaos resulting from "the juggling of responsibility for our transportation system among a dozen federal agencies and 100 state commissions, plus transportation laws that are in such bad shape they make a decent job almost impossible."

COMFORT RESERVE—Having nearby underground storage areas for natural gas is a boon to utility companies in their job of furnishing fuel for home warmth in winter and cool comfort in summer. These "warehouse" facilities for natural gas reserves are not easy to come by.
Recently, one of the largest utilities in northern United States, the Consumers Power Co. of Michigan, acquired some 65 billion cubic feet of natural gas reserves from Panhandle Eastern Pipe Lines Co. Consumers Power bought up all of Panhandle's production properties in the state as well as the underground gas reserves.
AS PART of the purchase,

Consumers acquired a Michigan field for storage that gives the company "a warehouse for gas at the very doorstep of half the homes we serve," according to John H. Simpson, vice president of Consumers. Furthermore, the company now can serve three times as many heating customers in winter as before.
Panhandle Eastern Pipe Line Co., a pioneer in the long distance transmission of natural gas, has been active in Michigan for many years. The pipe line company serves not only Consumers but five other distribution companies in Michigan as well. Natural gas deliveries by Panhandle (Continued on Page 29)

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