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EDITORIAL

As We See It

Chester Bowles, that staunch opponent of the balanced budget, continues to complain that so many of his countrymen seem to suppose that this, the richest country in the world, can not afford to provide the educational facilities he believes needed; to grant relief to the unemployed in amounts he thinks their due; to help many thousands who would like to build their own homes, and do various other chores which the New Deal and its successors would like the government to undertake. Mr. Bowles, unfortunately, is not alone in holding this view of the current scene. It has grown to be the habit of the spenders to heap scorn upon those who consider the cost of any scheme they may bring forward—and to ridicule the idea that this rich country need stop to consider costs at all. Many of them believe that the mere fact that we spend more than we take in taxes tends to enrich us and to render it all the more painless to try to spend our way to wealth.

All this is an old, old story, but this whole question of what we can or can not "afford" to do is one which deserves rather more attention than it is getting. No one in his right mind doubts that the people of this country could, if they made the necessary effort and if the economic system were permitted to function in its normal way, could without disaster support a great deal of New Deal-like paternalism. Whether they could "afford" to do these things is another matter. It would require more vigorous work than the rank and file are now willing to perform, and a more smoothly functioning economic system than we have now—one which gears itself more closely to

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An Economic Program To Stop Unceasing Inflation

By MARRINER S. ECCLES*

Chairman, First Security Corp., Salt Lake City, Utah

Inveighing against deficit financing and lack of agreement by devisive forces seeking higher wages, profits, pensions at the expense of a stable-purchasing-power dollar, former Federal Reserve chairman proposes a program to solve our dilemmatic economic goals. Urges end to labor gains exceeding productivity rate; centralizing action by Congress, government and Federal Reserve; enacting a combined program of aid to depressed areas, and budget-balancing and non-political, courageous cost-cutting. Mr. Eccles warns that unless the Federal Reserve curbs money supply growth and the government achieves a substantial surplus, the wage-price spiral will go on.

This inquiry aims to cover three objectives: "To provide substantially full employment; to achieve an adequate rate of economic growth; to maintain substantial stability in the price level and thus prevent inflation." The trick, however, is to reach these objectives under the system of Democratic capitalism. I, for one, do not believe in the millennium, which does not mean, however, that we should not set our sights high, far beyond our present achievements.

Marriner S. Eccles

There has been no economic subject which has been more fully discussed, and with disappointing results, by the government as well as many other groups of our society and also every other democratic country. . . . I hope, at least to help to clarify some of the aspects of the dilemma with which we are confronted.

In this inquiry, we should recognize that our objectives of full employment and an adequate rate of economic growth are also the Communist goals. We must

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*A statement by Mr. Eccles before the Joint Economic Committee on the Economic Report, Washington, D. C., March 25, 1959.

Accelerating the Pace of Advance in Our Economy

By WILLIAM F. BUTLER*

Vice-President, The Chase Manhattan Bank, N. Y. City

New York bank economist's theory for price stability is to correlate annual increase in the effective money supply with growth in real production and the average wage increase to productivity. In predicting we will resume our 4% growth rate by late 1959 or early 1960 and that 1960 will be a year of great prosperity, followed by moderate recession in 1961 which will not affect our long-term growth rate, Dr. Butler doubts we can exceed this trend rate unless we encourage more savings and investment. The economist avers inflation and growth are incompatible and to achieve growth, we must avoid inflation and deflation and encourage initiative and enterprise.

What I wish to discuss is the range of problems associated with achieving economic growth and price stability. In the process, I shall consider the arguments that have been advanced that our economy is not growing as rapidly as it could and should, and that efforts to avoid inflation are responsible for our lack of growth. The proponents of this view argue that we should forget about inflation and concentrate on growth. If we have creeping inflation — defined as price increases averaging 3% per annum or less — that is regarded as a small price to pay for growth.

William F. Butler

It is my considered judgment that this line of argument is not only mistaken—it is positively dangerous. Inflation and economic growth are no more compatible than marijuana and individual health and well-being. In fact, that's a pertinent analogy. Inflation produces a momentary exhilaration but, as is the case in the use of narcotics, successively larger doses will be required,

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*An address by Dr. Butler before the Institute of Investment Banking, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, March 27, 1959.

PICTURES IN THIS ISSUE—Candid photos taken at the 33rd Annual Dinner of the New York Security Dealers Association appear in today's PICTORIAL SECTION.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Pacific Mercury Electronics Co.—Harold Blumenthal, Partner, Swift, Henke & Co., Chicago. (Page 2)

Singer Manufacturing Co.—W. H. Oppenheimer, Partner, Oppenheimer, Neu & Co., New York City. (Page 2)

HAROLD BLUMENTHAL
Partner, Swift, Henke & Co.
Chicago, Ill.
Members Midwest Stock Exchange

Pacific Mercury Electronics

There are numerous reasons for my selection of "The Security I Like Best," but one stands out prominently—management. The strong growth pattern of Pacific Mercury Electronics reflects the outstanding ability of this company's management and the aggressive manner in which its programs are executed. An extremely bright future is indicated for this young and dynamic participant in the electronics industry.

H. Blumenthal

Pacific Mercury has steadily expanded and diversified its operations through acquisition and a very effective research and development program. It now has plants in California and Missouri aggregating over 300,000 square feet of floor space and equipped with the most modern production facilities.

Sales have increased over tenfold since 1949, totaling $18.5 million in fiscal 1958 (ended June 30). An impressive rise in earnings also was accomplished in this period. Because the company maintained its research and development program even in the recession months, per share earnings dropped to $0.47 in fiscal 1958. However, record sales volume was reached in the first six months of the 1959 fiscal year . . . and earnings for the second quarter were 61% greater than a year earlier. A sizable increase in order backlogs is reported.

The diversified products manufactured by PM are all in areas that offer exceptional growth potential. The company is an important manufacturer of television receivers, electronic organs and electronic organ-stereophonic phonograph combinations, and specialized electronic equipment for military and civilian markets.

A strong marketing position has been gained through sales of television receivers to Sears, Roebuck and Co. under a long established sales association. This calls for Pacific to supply a minimum of 75% of Sears' TV set requirements for the 11 western states — the most rapidly expanding section of our country. There is also a good possibility that within the near future PM will begin supplying Sears with other high-demand types of stereophonic high-fidelity sound equipment.

Management's foresight was well demonstrated in 1956, when Pacific Mercury entered one of today's fastest growing fields — electronic organs. The company's Thomas Organ now ranks as the second largest factor in the industry. While the electronic organ industry has grown immensely during the past five years, it still appears to be only on the threshold of its ultimate possibilities. 16,000 organs were sold in the United States five years ago —by 1958, sales had increased to over 125,000—and sales of 282,000 organs annually are predicted by 1961.

Two Pacific Mercury developments in the electronic organ field promise especially favorable sales volume. Uptrending sales are reported for the Thomas Organ incorporating a Hi-Fi stereophonic phonograph system — and an impressive new Thomas Organ employing transistors, which was introduced to the trade last year, has reached initial production stages and assembly lines are expected to be operating on a full scale basis this summer.

Through its effective research and product development activities, and proven merchandising know-how, Pacific can be expected to achieve a large share of the expansion promised for the electronic organ industry. This should be enough in itself to assure the company vigorous growth. However, activities in the military and industrial fields also hold great promise.

In addition to designing, developing and manufacturing laboratory test equipment, PM has participated in the development and production of glide path receivers used in aircraft landing operations. Major contracts have been negotiated with Boeing Airplane Co. for production of electronic components for the B-52 and jet tanker program. Other contracts being fulfilled include work on equipment for the B-52 Hydrogen Bomber, the F-101A and B Voodoo interceptors, the B 58 Supersonic Bomber and missiles for Redstone and Frankfort Arsenals.

Through its subsidiary, Telemetering Corp. of America, Pacific Mercury designs equipment for transmission, reception and recording of data from missiles and aircraft in flight. This equipment is currently being used in military applications and in rocketry projects. With space age activity advancing at such a rapid pace, Pacific's complete group of skilled specialists in this field is an exceptionally valuable asset.

The company's electrical equipment for the construction industry includes widely used portable electric generating plants and a newly introduced transistorized flasher light that exceeds competitive items in operating economy, reliability and durability. An electric vibrator developed by PM for compacting wet concrete is particularly useful in highway construction. Used by contractors in the field, this vibrator's unique design enables much longer usage than with conventional types previously used.

Due in large measure to the leadership of its young and highly capable management, Pacific Mercury Electronics has an impressive record of progress—but I believe the company is just beginning its major growth climb. For the investor who is looking toward outstanding capital appreciation in preference to current dividend income—this definitely ranks as "The Security I Like Best."

W. H. OPPENHEIMER
Partner, Oppenheimer, Neu & Co., New York City
Members: New York Stock Exchange American Stock Exchange

Singer Manufacturing Co.

Looking from our office toward uptown New York, the Singer Building is the first skyscraper we see. It has an assessed value of more than $7 million, has 350,000 sq. ft. of floor space. The Singer Manufacturing Company owns it and shows it at a book value of about $1 million. That aroused my curiosity to do a little research about the shares of this company.

W. H. Oppenheimer

For a hundred years, this company's products and its name are a household byword wherever men inhabit this globe, may they be civilized or uncivilized, whether they have ever seen an automobile or not. Singer sewing machines are the world's most widely distributed factory product (more than 70 million machines). Singer Manufacturing Co.'s shares are admitted to unlisted trading privileges on the American Stock Exchange. For years the company refused to give out any information except its very meager annual report to its stockholders ($4\frac{1}{2}$ million shares are outstanding, most of them owned by the families of its founders). They sell at $48\frac{1}{2}$, pay $2.20, thus yield 4.55% and have a book value of $82 a share with net working capital after deduction of its $32.8 million long-term debt of more than $62 a share.

For a company which has an uninterrupted dividend record since 1863, the shares at first glance seem singularly attractive, especially under present market conditions. After further research, I consider these shares doubly attractive—a real sleeper, a bargain. I believe these very high-class shares have an intrinsic value of at least three times their current price and are selling at no more than about 10 times prospective 1960-1 earnings. What are the facts which brought me to this opinion?

The extraordinarily low book value of the Singer Building is indicative of the extreme conservatism of the company's Balance Sheet. Singer has the greatest amount of retail stores of any company in the U. S. A. About half of them are fully owned. Their figure in the Balance Sheet is not significant thus constituting a huge reserve. Singer's deferred profit before tax on installment sales amounts to nearly $15 a share.

The company, with its new young President, is making energetic strides to overcome inroads made in the postwar period by cheap foreign competition. Whereas it formerly accounted for about two-thirds of all sewing machines sold in the U. S., its share has fallen to one-third. Now, however, its new low-priced "Spartan" model made in Singer Ltd.'s Clydebank factory will sell here for $69.50—thus competing with Japanese machines. Furthermore, the company is producing in Japan too. This is important as 300 independent Japanese producers sold in 1957 throughout the world 2.3 million machines, 400,000 more than Singer's total output. Singer's manufacture of industrial sewing machines, formerly in Bridgeport, Conn., is now being transferred to Clydebank, Scotland and Karls-

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Rule 133 of the SEC

By MANUEL F. COHEN*
Chief Counsel, Division of Corporation Finance
Securities and Exchange Commission

SEC's chief counsel reviews the latest thinking that has gone into proposal to amend "Rule 133" under the 1933 SEC Act, and the genesis and history of the doctrine that is now "Rule 133." Mr. Cohen: (1) distinguishes between "no-sale" theory and "no-sale" rule and finds their implications were not fully appreciated or were glossed over; (2) observes mergers and other similar transactions come within the very broad definition of the term "sale," and certainly since 1951 the "no-sale" doctrine of "Rule 133" contained limited application; and (3) recommends SEC delineate underwriter-distributor from the non-underwriter-distributor, and allow distributions free of registration by persons who are not underwriters but subject major redistributions to registration.

Administration of the Securities Act of 1933 (approved May 27, 1933) was originally assigned to the Federal Trade Commission. When the question first arose whether the submission to stockholders of a plan for merger or consolidation was subject to the registration provisions of the Act, it was answered in the affirmative. And, in Release No. 167, announcing, as of May 16, 1934, the adoption of Form E-1, the registration form for securities issued, sold, or modified in a reorganization, the Federal Trade Commission stated that a "sale" is "involved in the submission of a plan or agreement for reorganization . . . when an opportunity to assent or to dissent or withdraw from a plan or agreement for reorganization is given on such terms that a person so assenting or failing to dissent or withdraw within a limited time will be bound, so far as he personally is concerned, to accept such securities, . . ."

"Reorganization" was in turn defined to include a merger, consolidation and other transactions of the character described in Rule 133. About two weeks earlier, on or about May 1, 1934, a special committee of the American Bar Association had submitted to the Commission a report which recommended complete revision of the Act. Certain amendments were offered, pending a thoroughgoing revision, including a suggestion to "broaden this exemption [Section 4(3) (now Section 3(a)(9)] to include the issuance of securities to holders of securities of all persons which are parties to a reorganization (including a merger or consolidation)."[1] It was also recommended that securities issued in such exempt transactions be treated as exempt securities so that it would be clear that offers of the securities in subsequent transactions would be exempt. A similar recommendation for amendment of the statute was submitted in 1935 after Section 4(3) had become Section 3(a)(9) without adoption of the changes earlier recommended.[2] However, in November, 1934, the Securities and Exchange Commission, which by this time had succeeded to the job of administering the Act, had determined not to object to consummation of at least two corporate combinations without prior registration under the Act. One of these involved a merger and the other consolidation.

The basis for these decisions was articulated on Sept. 19, 1935, in an amendment of Form E-1 which indicated that the Commission deemed "no sales to stockholders of a corporation to be involved when pursuant to statutory provisions or provisions contained in the certificate of incorporation, there is submitted to a vote of such stockholders a proposal for the transfer of assets of such corporation to another person in consideration of the issuance of the securities of such other person, or a plan or agreement of a statutory merger or consolidation, provided the vote of a required favorable majority" would operate to authorize the transaction and bind all stockholders except for appraisal rights of dissenters.[3] These provisions continued in effect until 1947 when the Commission announced the repeal of Form E-1.[4] Despite repeal of the Form, the view expressed in the Note was continued as a matter of administrative interpretation until 1951 when it was decided that in fairness to industry, since the interpretation was in fact being followed, the protection afforded by a rule was justified. Before dealing with certain events leading to this decision, it is important to understand the distinction which must be drawn between the so-called "no-sale" *theory* and what is popularly referred to as the "no-sale" *rule*. The distinction is vital to an understanding of the entire problem.

The Commission's briefs in the *Leland Stanford*[5] case in 1941 and

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*The remarks of Mr. Cohen are his and do not necessarily represent the views of the Commission or of his colleagues on the staff of the Commission. They are from a talk he made before the Association of the Bar of the City of New York Section on Banking, Corporation and Business Law and Section on Administrative Law, New York City.

1 Report of the Special Committee of the American Bar Association on Amendments to the Securities Act of 1933 (1934) at p. 7.

2 Report of the Special Committee of the American Bar Association on Amendments to the Securities Act of 1933 (1935) at p. 5.

3 Securities Act Release No. 493 (Sept. 19, 1935).

4 Securities Act Release No. 3211 (April 14, 1947).

5 *Leland Stanford Junior University* v. *National Supply Co.*, 46 F. Supp. 389 (N. D. Cal., 1942), *rev'd.*, 134 F. 2d 689 (C. A. 9, 1943), *cert. den.*, 320 U. S. 773 (1943).

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Observations . . .

By A. WILFRED MAY

INVESTOR PSYCHOLOGY AND THE NEWS

The market's behavior during the past fortnight with its sharp ups and downs, demonstrates again how it is governed by crowd psychology. We see this again in the investor's so-called explanation of the market moves by fitting the outside news to *follow* the different price changes. During falling markets, Wall Street selects the unfavorable news items; while during rising prices it forgets all about these depressing items, and concentrates on whatever favorable factors are around. Thus, during the market falls of the early part of last week, the Street concentrated on the unfavorable bits as the threatening international situation, the looming steel strike, high unemployment and the like; while on the other hand, with the market bouncing back, this was forgotten and replaced by favorable news items like stepped-up auto production, big increases in home-building, and higher freight loadings.

A. Wilfred May

* * *

SPOON-FEEDING THE SPECULATOR

More and more is sugar-coating required in feeding the financial facts of life to the rank and file of investors. This has been evidenced for some time in the case of corporate reporting — both through annual company reports and periodic releases through the press. What a far cry from the drab pamphlets of former times are the present-day beautiful booklets, replete with easy-to-take format along with charts and color glamorizing for the complacent stockholder the data concerning his company's operations.

This pressure toward spoon-feeding information has been decisively extended to the field of books on investment, with the emphasis on easy reading of the *how-to* theme. Particularly welcome then to the speculative public (as it is also to the brain-washed book reviewer) will be a new volume by *the* maestro in the art of clothing basic investing principles with delicious wit, enchanting breeziness, and crystal clarity — all in ten-cent words (**HOW TO GET RICH BUYING STOCKS.** By Ira U. Cobleigh. 120 pp. New York. McKay. $2.50). Who, particularly if troubled with investing problems, can resist such blandishments as the following contained in the opus's blurb and introduction? ". . . It tells you what you should know and do to parlay modest savings into minks, Mercedes, mansions and Mediterranean cruises by unfolding the proven methods of the most opulent and successful investors." Or "Never before has a book so practically and logically outlined the road to riches in the stock market. Not to read this book may cost you a fortune!" Or, from the author, "It is designed to serve as your own personal road map to unusual progress, profits and prosperity. Good luck, and may all your stocks be IBM's"; and "You can handsomely increase what money you have, and what money you're going to have. This book will show you how." While these promises are impossible of fulfillment in our real world, the little volume does come through in performing a real service to the lay investor in transmitting a generous helping of valuable facts, and stimuli to his speculative imagination.

After giving us his basic premise: "there are five ways of getting 'in the money' without stealing it: inherit it, marry it, earn it, win, it, or grow it," Dr. Cobleigh concentrates his book on the growth aspects. And, quite understandably then, his portfolio advice is directed to urging liberal inclusion of growth stocks, with happy emphasis on long-term holding. ("The stock you select for current purchase must have within it the potential capacity to rise at least 500% in the next ten years . . . Select promising stocks and hang on to them. In and out trading is for the birds!") In the pursuit of growth and capital gains, stubborn insistance on income is eschewed as dooming one to meager capital gains.

Considerable space is devoted to recommendation of specific factors to use in investing in the growth area. The basic criterion of growth is offered that the earnings' increase shall be double the growth rate of the economy as a whole. And substantial weight is given to the inflation factor as supporting the need for growth issues. Other requirements listed for growth stocks are: they should be in companies that are in dynamic industries, effectively managed, strong in research, have sales superiority, with good product reputation, high earners (12% after taxes), plower-backs of earnings, and stock-minded.

Likewise rules are offered for making selling decisions, as when a company has "maximized" the growth or gain potential, or the company has stopped "going places."

While such buying and selling advice is extremely helpful, it does harbor the material omission of *price*, which of course should be an integral element in a decision to acquire or liquidate. No stock is actually cheap at *any* price or not worth *some* price. To lose sight of this truism is to embrace a fallacy too often followed by the investing community.

Closing the easy-to-read, enjoyable, and stimulating volume is a generous tip, a list of 60 "golden companies in the surging sixties."

D. B. McElroy Joins Clark, Dodge & Co.

David B. McElroy has joined Clark, Dodge & Co., 61 Wall Street, New York City, securities dealers and members of the New York Stock Exchange, as a general partner.

David B. McElroy

Mr. McElroy, after graduating from Princeton University, class of 1930, spent five years with The National City Bank of New York. He joined J. P. Morgan and Company in 1935 where he remained continuously, being appointed a Vice-President in 1948.

Mr. McElroy is a director of the North British and Mercantile Insurance Company and Mercantile Insurance Company.

Joins Amott, Baker

Martin H. Smith has joined Amott, Baker & Co., Incorporated, 150 Broadway, New York City, members of the New York Stock Exchange, as a registered representative with the firm's New York office. Mr. Smith has had previous investment experience and will serve customers in the Staten Island-New Jersey area.

New Sutro Office

The latest addition to the "Little Wall Street" in the garment area is one of the ultra-modern investment centers of Sutro Bros. & Co., members of the New York Stock Exchange and other principal Exchanges.

The new Sutro branch is located on the street level at 1350 Broadway. It is under the management of Jack Harris. All modern conveniences have been installed including a direct wire to the floor of the New York Stock Exchange and a speedy quotation system.

Philips, Rosen & Appel To Be Formed

Philips, Rosen & Appel, members of the New York Stock Exchange, will be formed as of April 17th with offices at 55 Liberty St. Partners will be James J. Philips, member of the New York Stock Exchange, Alvin S. Rosen, and Barry Appel, General Partners, and Isaiah Tarshish Limited Partner. Mr. Philips has recently been active as an individual floor broker. Mr. Rosen was a partner in McManhon, Lichtenfeld & Co.

Form Richter, Lederman

Richter, Lederman & Co. will be formed as of April 9th to deal in securities. The new firm will be a member of the New York Stock Exchange. Partners will be James A. Richter who will acquire an exchange membership, Richard E. Richter and Stanley Lederman.

The State of Trade and Industry

Steel Production
Electric Output
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Retail Trade
Commodity Price Index
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Business Failures

The Commerce and Labor Department announce that unemployment was cut about 350,000 during March to 4,400,000 workers. The February total was 4,749,000, Commerce Secretary, Lewis L. Strauss predicted in a prepared statement that the March figures would show "a more than seasonal drop in unemployment and a substantial rise in employment" and further Mr. Strauss predicted that the new report will also show what "are actually the best job improvement figures between February and March in years."

* * *

Economic activity rose at a somewhat more rapid pace in March, according to the April "Monthly Review" of the Federal Reserve Bank of New York. Steel output rose to a new monthly record while automobile production was strong. Weekly data on freight carloadings and electric power production also point to rising industrial output. Business inventories have been expanding. Consumer prices have been steady, but sensitive raw material prices rose in March.

The article noted that consumers apparently entered 1959 feeling significantly better about their own prospects than in early 1958, according to the Federal Reserve Board's annual survey of consumer finances. Housing starts remained at a high level while retail sales were maintained at close to December's peak rate. Automobile sales continued to run well above last year's depressed levels. Support for retail buying continued to come not only from increased consumer credit but from rising personal income as well.

Business spending on plant and equipment rose slightly in the fourth quarter of last year. More importantly, businessmen reported planning a further rise in expenditures for both the first and second quarters, according to the Commerce-SEC survey of capital spending intentions. The turn-around in capital outlays, the Reserve Bank noted, has come a little earlier than in the recovery of 1954-55 but later than in 1949-50.

In another article, "The Common Market and European Economic Integration," the "Monthly Review" termed the formation of the European Economic Community one of the most far-reaching economic undertakings of all time. The six nations—Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands—have committeed themselves to a comprehensive program of economic integration that they expect will speed the growth of living standards by leading to a more efficient use of resources.

The extent to which these gains will materialize, the Reserve Bank notes, may not depend as much as many have thought on new economies of large-scale production. Most of the countries already have markets large enough to reap the benefits of mass production techniques. The success of economic unification, however, will obviously depend on the extent to which an increase in internal competition follows the enlargement of markets freely accessible to member country industries. Although economic and political considerations have led the other European countries not to join the Common Market, efforts toward achieving a broader grouping continue active despite the breakdown late in 1958 of negotiations to establish a Free Trade Area covering all Western European countries.

United States exports of cars, chemicals and other manufactures may initially feel the main effect of the new customs union. Already many manufacturers are increasing their investments in the Common Market countries to avoid those difficulties. On the other hand, widened markets flowing from Europe's faster economic growth should lead to new export opportunities. This, in turn, will greatly depend on action taken by the Common Market countries to fulfill their repeatedly stressed desire to foster still greater freedom of trade within the entire world. With the advent of nonresident convertibility in Europe, the balance of payments basis for discrimination against dollar goods has been wiped out.

Another "Monthly Review" article, "Mortgage Financing in the Postwar Period," examines the swings in home building since the war. In striking contrast to most other industries, residential construction has usually begun to surge upward during periods of economic recession and then has moved sideways or declined once

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Black Gold Rush for 49ers

By DR. IRA U. COBLEIGH

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

Muskeg musings on prospecting and potentials for Alaskan oil.

While oil had a generally tired year in 1958, the search for new sources of crude, over many remote sections of the earth, continues unabated. This a natural and normal thing in the industry — the ubiquitous and continued exploration for oil—but it has been given new impetus because of formidable debits in certain existing oil fields. The unilateral and retroactive upping of taxes on oil companies in Venezuela, the political uncertainties surrounding exploration for oil in the Sahara, the break-through of the 50-50 formula for producing oil royalties in Araby, and the Muscovite menace to petroleum-rich camel pastures of Iraq—all these things add a new drive to oil-seeking, however costly, in our own Hemisphere and especially under our own flag.

Ira U. Cobleigh

So it is that 1959 is witnessing an exciting oil rush in Alaska, all the more eager since Alaska is no longer a territory but our 49th State—a double Texas in size. But drilling for oil must be predicated on something more substantial than zeal and enthusiasm. What then is the real basis for optimism in this extensive and expensive exploration both above and below the Arctic Circle? It is this. There is excellent reason to believe that certain sections of Alaska may turn out, in time, to be major oil fields. Oil seepages here were first reported by the Russians over a hundred years ago, in 1853. The first commercial oil field was at Katalla (in the Gulf of Alaska Tertiary Province) in 1903. This field produced about 154,000 barrels of crude from 22 shallow wells, but the project was abandoned in 1933, a year in which you may recall, both capital and optimism were in scarce supply.

The next major testing for oil was conducted by the U. S. Navy. Between 1944 and 1953 the Navy spent around $48 million in extensive geophysical and geological studies in the Arctic foothills—the northernmost section of Alaska. The Navy drilled 36 test wells and discovered two fields with major reserves, the Umiat field with an estimated 200 million barrels of oil reserves; and the Gubik gas field with an estimated 295 billion c.f. of gas.

More recently, in July, 1957, Richfield Oil Corp. brought in its No. 1 Swanson River Unit in the Kenai Peninsula (East of Cook Inlet and South of Anchorage). Richfield now has two producing wells in this area delivering around 1400 bbls. per day. The oil is trucked to Seward.

This Kenai discovery was the big one. It started the really big push which has brought some 20 companies into the state, and resulted in the leasing of over 40 million acres of Federal land in Alaska. Another 23 million acres under jurisdiction of Department of Interior may shortly be put up for leasing; and Senator Bartlett of Alaska now has a bill in Congress to return the Navy reserves (aforementioned) to public domain. Anchorage already the largest city in Alaska has now become quite definitely the oil and financial capitol of the State. Some 18 oil companies now have offices in Anchorage including many majors—Standard of California, Richfield, Humble, Superior, Shell, Amerada, Continental, Sunray and Texaco.

What are the most hopeful drilling spots today? That obviously is a key question since there are 586,400 square miles in Alaska to choose from. The U. S. geological survey, in a bulletin published in 1957, listed 23 possible petroleum provinces in Alaska. The greatest activity now however seemed to be centered in more southerly areas where the climate is less hostile and transportation and access to the terrain are more easily arranged. Two broad areas seem to offer the most immediate promise. The first embraces a band running along the Southern Alaska Coast for some 700 miles from Yakatat Bay on the East, across Cook Inlet to beyond Sustina in the West. (Reference to a map is suggested). Within this broad zone Standard of California, Richfield, Union of California, Ohio Oil, Alaska Oil and Mineral Halbouty Alaska Oil are active in Kenai; and there's an increasing interest in the Sustina area; in the area just north of the Gulf of Alaska; and in the Matanuska Valley.

More recently a section known (to those who can pronounce it) as the Yukon-Koyukuk Cretaceous Basin has attracted attention. This area is some 300 miles West of Fairbanks and 90 miles East of the tidewater at Norton Bay. The lure here is possible rich oil in two zones dear to the hearts of geologists, the Lower Createaceous at around 2,000 feet depth, and the Mississippian at between 6,000 and 7,000 feet. This Koyukuk terrain has attracted a lively Texas contingent. Halbouty-Alaska Oil is a claim holder; Texota Oil identified with Paul Benedum is represented; the John Mecom interests will be on location and Pan-Alaska Corporation, a new Texas incorporation, has lined up some 138,000 acres in the Basin and expects to drill a deep test well there sometime this summer. When you see such a cluster of Texans, old "pros" in petroleum probing, converging on an Arctic area, it's not because they love roast caribou.

There are a few problems in Alaskan exploration. During winter months there are only 4 or 5 hours of daylight; and much of the marsh and muskeg terrain can only be effectively worked in winter when the ground is frozen. Helicopters and tracked vehicles are standard equipment for surveying and exploration. Along the southerly coast the thermometer seldom goes below zero; but inland at 50 degrees or 60 degrees below there's little romance and much austerity in the oil business.

Drilling a hole in Alaska will now cost almost three times as much as a well in Texas. As more rigs and equipment come into the area, however, costs will go down. There is some satisfaction in knowing however, that if you do strike rich oil, no greedy shiek, or Pro-Communist putsch can snatch it away from you. It's better to own oil on U. S. soil, even though it costs a little more to get it.

Another thing to note about Alaska is the ready market for oil. Fairbanks could use 10,000 barrels a day and Anchorage 30,000, in refined products. Far Eastern markets are accessible by tanker; and assuming reasonable proximity of wells to the Coast, tankers from Alaska could effectively compete with Canadian Oil at Seattle or San Francisco. And of course, if Alaska grows to be another Texas, the local demand may be kingsized.

This whole Alaskan project has a considerable fascination. Oil is known to exist there; a number of studies of geologic structures suggest the existence of major oil fields; and the drillings of 1959 will no doubt spotlight some of the richest areas and may lead to an oil boom reminiscent of the old days in East Texas. All this, however, is in the realm of eager conjecture. If the promise is performed then pipelines from the fields, tidewater terminals and refinery capacity in the area will be the next steps. It's quite exciting and location of significant Arctic oil may well lead to animated share speculation not only among the big majors but among some of the small independents if they get there "fustest with the mostest." So keep your eyes on Alaska. Its next gold strike may be black.

With Patrick Clements

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — James F. Smith is now with Patrick Clements & Associates, 6715 Hollywood Boulevard.

Inv. Dealers of Canada To Meet in June

The Investment Dealers Association of Canada will hold its annual convention at the Banff Springs Hotel, Alberta, Canada, June 8-11.

J. A. Clark to Be Jos. Walker Partner

On April 16, J. Averell Clark, Jr., will be admitted to partnership in Joseph Walker & Sons, 120 Broadway, New York City, members of the New York Stock Exchange.

Paul to Be Officer Of A. M. Kidder Co.

Capton Michael Paul will become Administrative Vice-President of A. M. Kidder & Co., Inc., 1 Wall Street, New York City, members of the New York Stock Exchange, on April 16.

Personal Income Program

BROOKLYN, N. Y.—Personal Income Programming Service Inc. has been formed with offices at 189 Montague Street to engage in a securities business.

The Impending Summit Meeting And Question of U.S.S.R. Trade

By HON. HERBERT HOOVER*
Former President of the United States
New York City

Directing his rebuttal against those who place great credence in Mr. Mikoyan's plea for expanded U.S.S.R.-U.S.A. trade, and who may be included among Pres. Eisenhower's advisors at the impending summit meeting, former President Hoover explains why free, fair, equitable trade of consequence is not probable. Mr. Hoover catalogues the lessons we have learned from our experience with the Russians and the principles to which he urges we stand fast, and calls for unwavering, united support behind our President.

The greatest problem before us is to find some road to lessen the repeated tensions created by the Communists over the world. The Communist ultimatum as to the free people in Berlin is only their latest. But in fact it involves all free peoples. For behind these tensions lurk the dangers of war more dreadful than mankind has ever known.

Herbert Hoover

A great conference is now proposed with Russia in the hope that it will bring some relaxation of this world crisis.

For over forty years most of the Western World has been engaged in an effort to find some workable relationship or some basis of peace with the Communists.

In these efforts the Western World has had some bitter experiences and by now should have learned some lessons as to the whole Communist purpose.

During these years, either through my official duties or my interest in peace, there has been imposed upon me some awareness of these problems.

From our long national experience it would seem appropriate to shortly review some of the lessons learned and the principles upon which we must stand fast.

Discusses Lessons and Principles

The first of these lessons is a realization of the utterly different concepts of international relations between the Communists and ourselves. We are a nation whose actions are based upon religious faith and the moral codes which have sprung from it. The atheistic Communists, who deny all religious faith, have no code of morals such as that to which we must adhere.

This reflects itself in our sense of moral obligation to agreements into which we have entered, whereas the Communist concept is that agreements and treaties are an obligation only so long as they are of use to Communists. I do not need to quote the abundant statements of their leaders themselves admitting this bare fact, nor the long list of treaties they have violated.

For a recent example, I need only point to the agreements at Yalta and Potsdam, which provided for free elections in Poland, Czechoslovakia, Hungary, Yugoslavia, and Rumania to establish their own forms of free governments. Those elections were prevented, or they were never free.

The bitter lesson from this experience was that the Western World failed to stand firm and united in holding to those agreements. And so we stood by and witnessed the death of freedom in five nations.

At this moment we are again confronted with precisely the same Communist concept of agreements. The number of human beings in Berlin is not large. But the principles of decent relations between nations and the moral standards vital to a peaceful world are at stake.

Fortunately, as never before in my recollection have our leaders and the American people been so united in their feeling that the time has come for a determined stand.

President Eisenhower alone can speak for the American people. He has spoken. And our support to him must be unwavering.

The unity of the free world is also today at stake. The agreements as to Berlin must be upheld. They can only be modified by mutual consent in a fashion which truly protects the free people of Berlin and gives hope of a step toward peace.

Firmness today alone can bring a halt in the creeping Communist conquest of Western Europe, and prevent the breakdown of principles and morals in international life into a third world war.

Our people are not frightened by the unceasing blustering threats and warnings showered upon us from the Kremlin. We are used to them. We can defend ourselves.

I scarcely need mention that in the face of these perils we must maintain such military strength as will deter an attack. And we must continue the development of scientific research and invention which will keep the Western World in the lead in weapons of defense.

Another principle in our relations with the Communists deserves mention. They have at various times proposed "peaceful co-existence," the abolition of nuclear weapons tests, the reduction or limitation of armies, and other seeming ideas of promoting peace. Our people are not adverse to such steps. But, from our bitter experiences, we have learned that if we reach such agreements there must be set up independent machinery to enforce such agreements on both sides. President Eisenhower has stood firm in this principle. The Communists have refused.

I may well spend a few moments on the mystery of the recent visit of Mr. Anastas Mikoyan, the Deputy Prime Minister of the Soviet Union. It has some lessons on our relations with the Communists.

Answers Mikoyan

Mr. Mikoyan announced the purpose of his visit was to discuss the expansion of trade between Russia and the United States. He repeatedly stated that such expansion would be an important step in lessening the tensions of the cold war. During his visit he was extended the courtesies and hospitalities due a representative of another nation. Our State Department stimulated a series of dinners or luncheons where he was given the opportunity to freely discuss his project with our business men and to expound his ideas over our radio and in our press.

Mr. Mikoyan is an intelligent, highly informed man and his proposal should be analyzed as to its possibilities as a way toward peace.

It is, however, a down-to-earth fact that there never has been, nor is there ever likely to be, such consequential trade with Russia as would thaw out the cold war.

Russia, like the United States, is a great reservoir of raw materials. We have no need for consequential amounts of Russian raw materials. Their natural market is Western Europe which does need them. And Western Europe can make manufactured goods to exchange for these raw materials cheaper than we can at our wage levels. Therefore any volume of such exchanges is most improbable.

And, in support of this, I may call up a little statistic. In the six years from 1934 through 1939, until the interruption of the Second World War, there were no important restrictions on trade between the United States and Communist Russia. But our exports to their 180,000,000 people averaged only about $40,000,000 yearly. Our imports from them averaged about $20,000,000 each year. This microscopic amount of trade is a little less or a little more than our trade today with Denmark or Finland or the Dominican Republic or Ecuador or Liberia.

Also, as to Mr. Mikoyan's proposals to our businessmen, we must remember that there is no such thing as free action between our free enterprisers and the Russian people. Our people must deal with a Communist agent in New York.

Further, there arises here again a fundamental difference in moral concepts between the Communists and ourselves.

When the present Department of Commerce building was under construction during my Administration, I chose a sentence from Benjamin Franklin to be emblazoned over one of the portals of the building. It says:

> Commerce among nations should be fair and equitable.

As to fair and equitable, I may mention that there is an International Patents and Copyrights Agreement among free nations by which discoveries, inventions, and the writings of citizens of the free world are protected for a just and fair return for their contributions of new ideas. These agreements have been one of the great stimulants to progress.

The Communist Governments have not only refused to sign this agreement but they have ruthlessly appropriated these ideas from the whole free world.

In summing up Mr. Mikoyan's visit, it may be that he had in mind something beyond his idea of the expansion of almost non-existent trade to thaw out the cold war. Perhaps he wanted to discover if our people were united behind the President. Also if we were determined to insist upon certain principles in our foreign relations.

He no doubt discovered an adamant people. And I trust he discovered that we are prepared and that we are not afraid.

As I said at the outset, we continue to strive for world peace. We have great hopes that the impending negotiations may at last bring it to the world.

But the successful negotiator is one who approaches his problems with a clear head, a sharp eye, a long memory. President Eisenhower has that awareness and he must have the unwavering support of a united people behind him and a people who are not afraid.

*An address by Mr. Hoover before the Manion Forum, South Bend, Indiana, April 5, 1959.

Increasing Relative Wealth And Purchasing Power

By C. MELVIN McCUEN
Investment Counselor
San Diego, Calif.

San Diego investment counselor pragmatically examines 30 D-J industrial stocks for past 30 years. He comes up with the disallusioning finding that the married, California investor in the $20,000 bracket was able "to maintain and slightly increase his relative wealth but not his purchasing power." The moral drawn is that selection is of paramount importance in order to increase both wealth and purchasing power.

The investor's objective is to maintain and increase his relative wealth and purchasing power.

How much do common stocks afford investors in a period of declining purchasing power of the dollar and increasing Federal income taxes?

C. Melvin McCuen

Without resorting to hindsight, or selecting a group of stocks to prove one's point, we believe a study of the 30 Dow-Jones Industrials for the past 30 years will prove enlightening. This analysis will be made with reference to earnings and dividends of these well-known stocks in the light of the purchasing power of the dollar and Federal Income Taxes for the past 30 years.

The 30 Dow-Jones Industrial stocks account for about a third of the total value of all shares traded on the New York Stock Exchange. There is a remarkable co-relationship between the long term price fluctuations of the 30 Dow-Jones Industrial stocks and the 425 industrial common stocks used in Standard & Poor's weighted average. Many of the stocks in the Dow constitute the backbone of many institutional stock portfolios. The market action of the Dow-Jones stocks has a tremendous influence on the price level of all securities.

30-Year Performance Tabulated

The accompanying table illustrates the adverse effect of inflation (or declining purchasing power of the dollar) to holders of common stocks over the past 30 years. When the progressively higher income taxes levied during this period are applied to dividends, an even more startling figure is obtained. Note the value of the Dow-Jones Industrial dividend after adjustment for the lower purchasing power of the dollar and higher Federal Income Taxes through 1929-1958, inclusive, together with estimate for 1959.

Unquestionably the investor who has relied more upon common stocks of the right selection has come through the past 30 years much better off than the investor who has relied primarily upon fixed income securities. However, it will be noted that from an *income* point of view the 30 Dow-Jones Industrials have not fully protected the investor because the decline in the purchasing power of the dollar has reduced the exchange value of the $10.40 dividend paid on the Dow Industrials in 1929 to $9.68 per share in 1958. And after Federal Income Taxes, the $10.21 dividend in 1929 was reduced to $7.12 in 1958.

Findings Support Selection

However, had the investor bought each of the 30 Dow-Jones Industrial stocks in 1929 at average composite price of 307, equivalent to 251 in terms of the 1935-39 dollar, the composite value of his shares was 247 in 1958 and 290 as of Feb. 26, 1959. The latter figure represents an increase of 15.6% over the past 30 years when adjusted to the 1935-39 purchasing power of the dollar. Thus, to date, in terms of market value of the shares, when adjusted for the changing value of the dollar, the 30 Dow-Jones Industrials have enabled the investor to maintain and slightly increase his relative wealth but not his purchasing power. However, thanks to such stocks as Bethlehem Steel, DuPont, Eastman Kodak, General Electric, General Motors, Goodyear Tire, National Steel, Proctor & Gamble, Sears, Roebuck, Standard Oils of California and New Jersey, Texas Company, Union Carbide and United States Steel, an investor holding these stocks has been able to increase both his purchasing power and relative wealth over the past 30 years. This is why selection is so important in investing funds.

30 Dow-Jones Industrial Stocks

Year—	*Actual Dividends Per Share	†Purchasing Power of Dollar 1935-39=100	Exch. Value of Dividend in Terms of 1935-39 $	‡Div. in Terms of 1935-39 Dollar After Fed. Inc. Taxes	§Average Price During Year	Price Adjusted to 1935-39 Dollar
1929	$12.75	$0.816	$10.40	$10.21	307	251
1940	7.06	0.998	7.05	6.55	135	135
1950	16.13	0.582	9.39	7.55	216	126
1958	20.00	0.484	9.68	7.12	510	247
1959 (Est.)	23.00	0.484	11.13	8.19	¶600	290

* The dividends shown include the market value of stock dividends paid during the year. Were the stock dividends excluded, total cash dividends paid in 1958 were $19.00 per share.

† U. S. Department of Labor, Purchasing Power Index, 1947-49=100 adjusted to 1935-39=100.

‡ Assumes investor is a married person and resident of the State of California with taxable income of $20,000.00 per year.

§ Based on average of the high and low for the year.

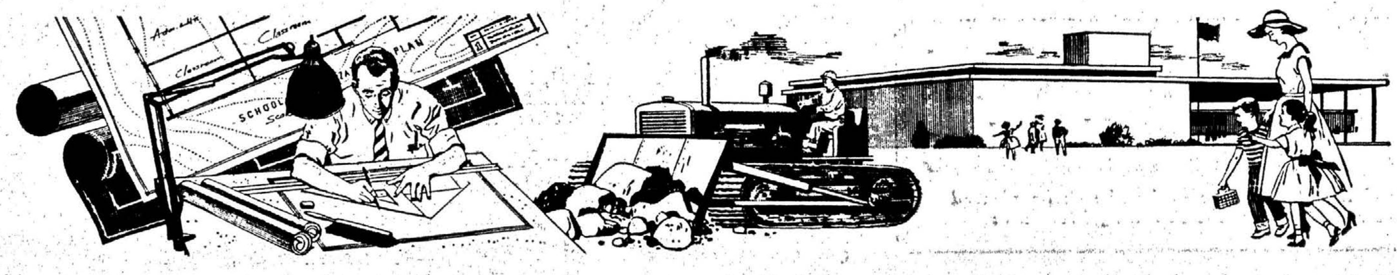
¶ Price on February 26, 1959.

Cowen & Co. Will Admit Partner

Matteo Mosca will acquire a membership in the New York Stock Exchange and on April 16 will become a partner in Cowen & Co., 54 Pine Street, New York City, members of the New York Stock Exchange.

Dreyfus & Co. to Admit M. Glatter as Partner

Dreyfus & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on May 1 will admit Martin Glatter to partnership in the firm.



New Issues

$27,000,000 Los Angeles City

High School District • School District • Junior College District

Los Angeles County, California

3½% Bonds, Election 1958, Series C

Dated May 1, 1959 ***Due May 1, 1960-84, incl.***

Payment and Registration

Principal and semi-annual interest (May 1 and November 1) payable, at the option of the holder, at the office of the Treasurer of Los Angeles County in Los Angeles, California, or at any of the fiscal agencies of the County in New York, N. Y., or in Chicago, Ill. First coupon (annual) payable May 1, 1960. Coupon bonds in denomination of $1,000 registrable only as to both principal and interest.

Tax Exemption

In the opinion of counsel, interest payable by the Districts upon their bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment

We believe these bonds are legal investments in New York for trust funds and savings banks and in California for savings banks, subject to the legal limitations upon the amount of the bank's investment, and are likewise legal investments in California for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

Purpose and Security

These bonds comprise separate issues of three distinct districts. The bonds of each issue, in the opinion of counsel, constitute the legal and binding obligations of the issuing district and are payable, both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable real property in the issuing District and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, in the issuing District.

Tax Gain, Amortization of Premium

These bonds will be initially issued by the above named political subdivisions at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

Legal Opinion

The above bonds are offered when, as and if issued and received by the underwriters listed below as well as other underwriters not shown whose names will be furnished on request, and subject to approval of legality by Messrs. O'Melveny & Meyers, Attorneys, Los Angeles, California.

ISSUES, AMOUNTS, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

$12,000,000
Los Angeles City High School District

$12,000,000
Los Angeles City School District

$3,000,000
Los Angeles City Junior College District

High School	School	Junior College	Due	Yield or Price
$480,000	$480,000	$120,000	1960	2.00%
480,000	480,000	120,000	1961	2.20%
480,000	480,000	120,000	1962	2.40%
480,000	480,000	120,000	1963	2.55%
480,000	480,000	120,000	1964	2.70%
480,000	480,000	120,000	1965	2.80%
480,000	480,000	120,000	1966	2.90%
480,000	480,000	120,000	1967	2.95%
480,000	480,000	120,000	1968	3.00%
480,000	480,000	120,000	1969	3.05%
480,000	480,000	120,000	1970	3.10%
480,000	480,000	120,000	1971	3.15%
480,000	480,000	120,000	1972	3.20%
480,000	480,000	120,000	1973	3.25%
480,000	480,000	120,000	1974	3.30%
480,000	480,000	120,000	1975	3.35%
480,000	480,000	120,000	1976	3.40%
480,000	480,000	120,000	1977	3.45%
480,000	480,000	120,000	1978	100
480,000	480,000	120,000	1979	100
480,000	480,000	120,000	1980	100
480,000	480,000	120,000	1981	3.55%
480,000	480,000	120,000	1982	3.55%
480,000	480,000	120,000	1983	3.60%
480,000	480,000	120,000	1984	3.60%

Bank of America N. T. & S. A. — The Chase Manhattan Bank — The First National City Bank of New York — Bankers Trust Company — Harris Trust and Savings Bank — Guaranty Trust Company of New York — J. P. Morgan & Co. Incorporated

Blyth & Co., Inc. — The First Boston Corporation — Smith, Barney & Co. — Security-First National Bank — American Trust Company San Francisco — California Bank Los Angeles — Continental Illinois National Bank and Trust Company of Chicago

Chemical Corn Exchange Bank — The Northern Trust Company — Lazard Freres & Co. — Drexel & Co. — R. H. Moulton & Company — Glore, Forgan & Co. — C. J. Devine & Co.

Merrill Lynch, Pierce, Fenner & Smith Incorporated — The First National Bank of Oregon — Seattle-First National Bank — R. W. Pressprich & Co. — The Philadelphia National Bank — Equitable Securities Corporation

Bear, Stearns & Co. — Dean Witter & Co. — William R. Staats & Co. — Mercantile Trust Company — Reynolds & Co. — J. Barth & Co. — Ladenburg, Thalmann & Co. — Hornblower & Weeks

Bacon, Whipple & Co. — William Blair & Company — Clark, Dodge & Co. — Francis I. duPont & Co. — First Southwest Company — Fitzpatrick, Sullivan & Co. — Ira Haupt & Co.

E. F. Hutton & Company — The Illinois Company Incorporated — A. M. Kidder & Co., Inc. — Laidlaw & Co. — Lee Higginson Corporation — National State Bank Newark, N. J. — New York Hanseatic Corporation

Schoellkopf, Hutton & Pomeroy, Inc. — Shearson, Hammill & Co. — Trust Company of Georgia — Wertheim & Co. — Coffin & Burr Incorporated — Commerce Trust Company Kansas City, Mo. — R. S. Dickson & Company Incorporated

First National Bank in Dallas — Hirsch & Co. — W. E. Hutton & Co. — Laurence M. Marks & Co. — W. H. Morton & Co. Incorporated — Wm. E. Pollock & Co., Inc. — Republic National Bank of Dallas

Roosevelt & Cross Incorporated — Stone & Youngberg — Stroud & Company Incorporated — Taylor and Company — Tripp & Co., Inc. — Andrews & Wells, Inc. — Bacon, Stevenson & Co. — Robert W. Baird & Co. Incorporated

Blunt Ellis & Simmons — C. F. Childs and Company Incorporated — City National Bank & Trust Company Kansas City, Mo. — Dallas Union Securities Company — Dittmar & Company, Inc. — A. G. Edwards & Sons

Field, Richards & Co. — The Fort Worth National Bank — Ginther & Company — Gregory & Sons — J. A. Hogle & Co. — Industrial National Bank of Providence — Kalman & Company, Inc.

Kean, Taylor & Co. — Kenower, MacArthur & Co. — Irving Lundborg & Co. — Mercantile National Bank of Dallas — Stern, Lauer & Co. — Thornton, Mohr and Farish

G. H. Walker & Co. — Chas. E. Weigold & Co., Inc. — J. R. Williston & Beane — Wood, Gundy & Co., Inc. — Burns, Corbett & Pickard, Inc. — City National Bank and Trust Company of Chicago

Julien Collins & Company — Ernst & Co. — Fahey, Clark & Co. — Fahnestock & Co. — The First National Bank of Memphis — First Western Bank & Trust Co. San Francisco, Calif. — J. B. Hanauer & Co. — Lyons & Shafto Incorporated

Wm. J. Mericka & Co., Inc. — Northwestern National Bank of Minneapolis — Provident Savings Bank & Trust Company — Shuman, Agnew & Co. — F. S. Smithers & Co. — Stern, Frank, Meyer & Fox

Stubbs, Watkins and Lombardo, Inc. — Third National Bank in Nashville — Spencer Trask & Co. — Robert Winthrop & Co. — H. E. Work & Co. — Zahner and Company — First California Company Incorporated — First National Bank of Minneapolis

The First National Bank of Saint Paul — Hill Richards & Co. A Corporation — Lawson, Levy, Williams & Stern — McDonnell & Co. — McMaster Hutchinson & Co. — Mitchum, Jones & Templeton — The National City Bank of Cleveland

Piper, Jaffray & Hopwood — Ryan, Sutherland & Co. — Seasongood & Mayer — White, Hattier & Sanford — R. D. White & Company — Arthur L. Wright & Co., Inc.

April 8, 1959 — *A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.*

Dealer-Broker Investment Recommendations & Literature

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

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

Houston Banks (and surrounding Texas towns)—Booklet including price range, capital, surplus, etc.—Kay and Co., Inc., 2316 South Main, Houston 2, Texas.

How to Get Rich Buying Stocks—Dr. Ira U. Cobleigh—David McKay, Inc., 119 West 40th Street, New York, N. Y.—$2.50.

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

Japanese Warehouse Industry — Survey — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same monthly report are discussions of the 10 Japanese stocks considered favorites for 1959 and data on **Daiichi Bussan, Mitsubishi Shoji** and **Marubeni-Iida.**

New England Trends—Quarterly survey—First National Bank of Boston, Boston, Mass.

New York City Banks—Quarterly comparison of ten largest banks in New York City—Bankers Trust Company, 16 Wall Street, New York 15, N. Y.

New York City Bank Stocks—Comparison and analysis for first quarter of 1959—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is a study of **American Cyanamid Company.**

Oils—Discussion of outlook—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

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

Petroleum Industry—Analytical brochure—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Raytheon Manufacturing Company, Johns Manville Corp.,** and **McCall Corporation** and the current issue of "Market" review with selected lists of securities.

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y.

Puerto Rico Water Resources Authority—Report—Government Development Bank for Puerto Rico, San Juan, P. R.

Research—Key to Healthier America—Discussion of drug and pharmaceutical companies in April issue of "Exchange"—Exchange Magazine, 11 Wall Street, New York 5, N. Y.—$1.50 per year (20 cents per copy). Also in the same issue is a warning by G. Keith Funston to inexperienced investors to approach investing with care and caution.

Southern California—Summary of business conditions—Security First National Bank, Research Department, Box 2097, Terminal Annex, Los Angeles 54, Calif.

Tax Legislation and Life Insurance Companies — Circular — Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y. Also available are reports on **Alco Oil & Chemical Corp., Century Geophysical Corp., American Investors Corp.,** and **Lunn Laminates, Inc.**

* * *

Allen Industries Inc.—Analysis—Oppenheimer & Co., 25 Broad Street, New York 4, N. Y.

Arkansas Louisiana Gas Company—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are a report on **Burlington Industries,** and a list of **Convertible Bonds** which appear interesting and the current issue of "Investment Review" which discusses the boom in services and leisure time.

Beecham Group Ltd., A. D. R.—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y.

Boeing Airplane Company—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **United Air Lines Inc.**

Bucyrus Erie—Data—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same issue are data on **Harsco Corp., New England Gas & Electric Association,** and **Pepsi Cola.**

Carrier Corporation — Data — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **International Business Machines Corp., Phillips Petroleum Company, Pittsburgh Plate Glass Company** and **Sealright Oswego Falls Corp.**

Chock Full O'Nuts Corporation—Analysis—Sutro Bros. & Co., 625 Madison Avenue, New York 22, N. Y.

Cooper Bessemer—Memorandum—H. Hentz & Co., 72 Wall Street, New York 6, N. Y. Also available is a study on investing in bonds.

Crane Company—Report—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Crum & Forster Insurance Companies—Analysis of **U. S. Fire Insurance Company, Westchester Fire Insurance Company** and **North River Insurance Company**—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is an analysis of **American General Insurance Company.**

Cutter Laboratories—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Emerson Electric Manufacturing Co.—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also in the same circular are reports on **National Distillers, Cluett Peabody** and **Ruberoid Company.**

Florida Power & Light—Bulletin—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

Ford Motor Co. of Canada Ltd.—Analysis—Charles King & Co., 61 Broadway, New York 6, N. Y.

Griggs Equipment Inc.—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Hertz Corporation — Annual Report — The Hertz Corporation, Treasurer, 218 South Wabash Avenue, Chicago 4, Ill.

Lazard Fund, Inc.—Quarterly report—Lazard Fund, Inc., 44 Wall Street, New York 5, N. Y.

P. R. Mallory & Co. Inc.—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Micromatic Hone Corporation — Bulletin — De Witt Conklin Organization, 120 Broadway, New York 5, N. Y.

Middle States Telephone Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Ocean Drilling & Exploration Co. — Memorandum — R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Portland General Electric—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Sealed Power Corporation—Analysis—A. G. Becker & Co., Incorporated, 60 Broadway, New York 4, N. Y.

United Carbon—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on four **Tire & Rubber Companies.**

Virginia Electric and Power Company—Annual report—Secretary, Virginia Electric and Power Company, 7th and Franklin Streets, Richmond, Va.

Walgreen Co.—Data—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are data on **National Standard Co., Timken Roller Bearing Co.** and **Atlantic Coast Line Railroad Co.**

White Motor Company—Data in current issue of "ABC Investment Letter"—Amott, Baker & Co., Incorporated, 159 Broadway, New York 30, N. Y. Also in the same issue are data on the **Eagle Picher Company, Pure Oil Company, G. M. Giannini, Inc.,** and **Food Mart Inc.**

William H. Rorer, Inc.—Report—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Wyandotte Chemicals Corp.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

COMING EVENTS

In Investment Field

Apr. 10, 1959 (Toronto, Canada)
Toronto Bond Traders Association annual dinner at the King Edward Hotel.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Oct. 14-17, 1959 (Philadelphia, Pa.)
Consumers Bankers Association 39th annual convention at the Warwick Hotel.

Oct. 22, 1959 (Cincinnati, Ohio)
Ohio Group of Investment Bankers Association annual fall meeting.

Nov. 2-5 1959 (Boca Raton, Fla.
National Security Traders Association Annual Convention of the Boca Raton Club.

April 6-7-8, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

York Co. Opens Branch

SAN RAFAEL, Calif.—York & Co. has opened a branch office at 1000 Fifth Avenue under the management of Jess J. France, Jr.

Coast Exchange Members

The sale of two additional Treasury memberships by the Los Angeles Division of Pacific Coast Stock Exchange was announced by Thomas P. Phelan, President.

The memberships were purchased by Charles T. Jawetz of Daniel Reeves & Co., and Jay F. Carlisle, to represent Hill Richards & Co.

Mr. Jawetz has been active in the securities business since 1927 in San Francisco, Los Angeles, Chicago and New York. He was formerly a member of the Los Angeles Stock Exchange and served on its Governing Board.

Mr. Carlisle entered the securities business following his graduation from the University of Southern California, as a floor reporter on the Exchange and later became a floor representative for Hill Richards & Co.

This brings the total number of outstanding memberships in the Los Angeles Division to 73.

Named Directors

Two new directors have been elected to the board of The M. A. Hanna Company.

The new directors are William A. Hobbs, Vice-President and Treasurer of the company, and William L. West, who for seven years was Vice-President in charge of the trust department of The National City Bank of Cleveland. Before that he was a partner in the law firm of Hauxhurst, Inglis, Sharp & Cull.

Mr. Hobbs joined Hanna last month after eight years as partner in charge of securities research for Clark, Dodge & Co., a leading New York investment company. Prior to that he was a Vice-President of National City Bank.

New Firm Name

BROOKLYN, N. Y.—The firm name of Investors Programming Service, 189 Montague Street, has been changed to Personal Income Programming Service, Inc.

Opens New Branch

TULSA, Okla.—Western Securities, Inc. has opened a branch office in the Daniel Building under the direction of C. G. Argodale.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—James J. Dolan has become affiliated with Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchgs.

Climate for Growth

By FREDERICK L. DEMING*
President, Federal Reserve Bank of Minneapolis
Minneapolis, Minnesota

Central banker terms it "economic nonsense" to contend there are irreconcilable conflicts between the objectives of growth, high employment, and price stability. Moreover, he relies on empirical evidence to show there's little to indicate a causal connection between inflation and growth, and deflates the notion that inflation is incapable of being controlled, or that it is a necessary price for high employment. Mr. Deming doubts growth curve can ever be smooth, denies price stability means price fixity, and notes we could be producing a great deal more if we wanted to give us leisure for more productivity gains. The banker sums up the disadvantages of inflation and pin points the requirements for promoting rather than inhibiting or limiting economic growth.

We tend to measure growth mostly in terms of material or real output of goods and services. Our best over-all economic measure is the well known Gross National Product, which represents the dollar value of all goods and services produced for consumption by business, individuals, government, and net exports. Ordinarily Gross National Product figures are given in terms of current values or prices, so to get real or physical changes, we have to adjust for the price factor. If we do not do this, we sometimes get the illusion of growth when actually there has been nothing but price change.

Frederick L. Deming

In real terms, the Gross National Product increased a little more than 100% from 1934 through 1947. Taking the estimated level of GNP for 1959 that underlies the President's budget message, the gain from 1947 through 1959 will be a little more than 50%. If we use 1958 prices to value all of this output, we find that the real increase in each period approximates $160 billion. Thus the net gain in output in each period was approximately the same. The fact that the percentage change in the latter period was just half that of the former reflects the higher base in 1947 than in 1934.

*An address by Mr. Deming before the National Instalment Credit Conference, sponsored by the American Bankers Association, Chicago, March 10, 1959.

Now, I must confess that I have used this example to highlight some of the things I want to say about growth. While all of the statistics are correct, the example can give an erroneous impression.

To begin with, taking 1934 as a base year is bad. We were just emerging from the depths of the Great Depression, when only 1933 was a worse year than 1934. Thus almost anything looks good when measured against 1934. In fact, if we go back five more years to 1929 and use it as a base, we cut the percentage gain to 1947 almost in half, even though the period is longer.

Reached 1944 Output in 1951

Also, in terms of real output, 1947 was a worse year than 1944—about 13% worse. This may come as a surprise because in dollar terms GNP was higher in 1947 than in 1944 and because the civilian part of the economy actually was better off in terms of physical goods and services available. But the big war production year was 1944, and we had a very sharp price rise right after the war. Actually, we did not get back to the real amount of output we produced in 1944 until 1951, and that level was influenced in part by the Korean War.

Perhaps the two most important things to note about economic growth records are these: First, the very long-term picture shows an average rate of growth in this country of about 3% per year compounded. This is the record of the whole of the 20th Century to date. That rate is equivalent to doubling real output every 25 years. Second, this is an average rate of growth; and growth in any one, two, or several-year period may be substantially higher or lower than average. Thus we showed a growth rate of about 8% in 1951, and of about 4% in each of the next two years. In 1954, output was 2% less than in 1953, but in 1955 it expanded by 8% again. Growth in both 1956 and 1957 was below average, and in 1958 output declined. The expected rise in 1959 is well above average. To go back to my first illustration, 1947 through 1959, the average growth rate is somewhat higher than the 3% long-term trend.

Now this is a lot of figures to cite. I give them to emphasize this major point: Growth does not occur smoothly; its course shows jumps, slips, and levels. There are a number of reasons for this, and we now turn to some of them.

Growth involves both the capacity to produce and the capacity to consume. We get physical output of goods and services by applying human brains and muscle to natural resources. As we improve the efficiency of this human energy through better technology and by developing capital, we increase productivity. To develop the capital we have to have saving—deferring consumption today so as to have more tomorrow.

Uneven Growth

This process simply is not a smooth one. We seem to get our technological improvements in waves; we get changes in the rate of saving and of capital formation; we even get changes in the rate of population growth. We can make some adjustments to compensate for the strong ups and downs of these factors; but we cannot, nor do I think we ever will, smooth out the growth curve completely.

Almost by coincidence, productivity or output per man-hour, the combined result of improved technology and more and better capital goods, has grown in this country at an annual rate that comes fairly close to equaling the annual growth rate in output. Productivity has increased by about 2½% per year compounded in this century. Like the output curve, the course of productivity shows jumps, slips, and levels as we would expect. But the striking point to observe about this factor of productivity is that, given today's technology, we could be producing far more than we are if we wanted to work as hard and as long as we did 50 years ago. What has happened is that we have taken about half of our productivity gains in the form of increased leisure and about half in the form of more output.

This brings me to the other side of the growth picture—the consumption side. In our form of economy, we produce primarily for people—for individuals. Individuals have preferred to take some of the gains in productivity in the form of shorter hours and some in the form of increased supply of goods and services. We are now taking far more in the form of publicly provided services than we used to—in large part in the form of a large defense establishment, but also in many other forms. A good many people believe that we should increase these publicly provided services—partly in a bigger defense establishment and partly in improving education, roads, public health, pensions for the aged, and so on.

Stresses Consumption's Importance

But the real point to be made here is that the consumption side of growth is important. It is not enough to have capacity to produce goods and services; we have to have effective demand for these goods and services. While economics teaches us that man's wants are insatiable, it has never taught that man's want for any particular or specific good or service is insatiable. This is as true for public as it is for private goods and services. This means that we have to have balanced growth in demand to accompany the growth in capacity to produce. If we fail to attain balance or equilibrium, we will find instances where we have too much or too little capacity or too much or too little demand. These instances, as illustrated by behavior over the past three years, produce inflationary tendencies or recession.

One final point about growth needs to be made, and it is an important point. The standard of living concept embraces more than mere physical goods and services; it also embraces the concept of enjoyment of those goods and services. This is why we have taken some of the fruits of productivity in the form of increased leisure, and this is why it is difficult to compare growth rates as between countries or over periods of time. The percentage gain in physical output simply is not the only measure of growth.

I have spent a good deal of time in this general discussion of economic growth because it seems to me important to consider and define before we begin to discuss the proper climate for growth. What I have tried to show so far is that growth is not a smooth process, nor are we likely to make it so; that we can produce more if we want to, but that there has to be some purpose involved; and that we have been doing somewhat better in the whole post World War II period than we have done on the average during the 20th Century to date.

Assays Price Rise

Let us turn now to look at the price record over the long term. Again it is necessary to use some figures to make the points clear. If we take the period from 1934 through 1958, we find that wholesale prices have advanced 145% and consumer prices 116% in those 24 years. This same period saw the Gross National Product expand by 186% in constant dollars. About 9/10 of the wholesale price rise and almost 4/5 of the consumer price rise occurred between 1939 and 1951. This, of course, is the period that saw the defense build-up, World War II and its aftermath, and Korea. Or to turn the example around, only 1/10 of the wholesale price rise and 1/5 of the consumer price rise took place in peacetime, classing the present cold war period as peacetime. In contrast to this, 40% of the gain in real output occurred in peacetime and just 60% in the years 1939-51.

What is even more noteworthy is the fact that roughly ⅓ of the total wholesale and consumer price rise of the whole period took place between 1944 and 1947 and reflected in large part the repressed inflation of the price control years. During that time, real output, as noted earlier, actually dropped by ⅛. Between 1951 and 1956, real output rose 18% while wholesale price stayed level and consumer prices increased about 4½%.

Taking a very long look at price trends shows that the rate of increase of both consumer and wholesale prices over the past 60 years has been about 2⅓% per year compounded. But again it must be remembered that most of the increase came in two World Wars and the Korean War. Even counting in Korea, the rate of price increase at retail since 1948 has been about 1¾% per year and at wholesale 1⅓% per year—about half that for the whole 60-year period. Just to give one more contrast, the rate of price increase way back in the peacetime years, 1897-1913, was 2⅓%—the average for the whole period.

It seems to me that there is little, if anything, in this record to indicate a causal connection between inflation and growth. Of course, general economic theory and history both lead to the conclusion that inflation tends to work against rather than for growth, and the record is consistent with that conclusion. The evil effects of inflation have been cited so often in recent years that they need be given but brief mention here. The adverse effect on saving, which is required to finance the capital investment on which growth is based; the tendency toward speculation and unwise or unwarranted expansion; the upward push of costs, which tends to price goods out of reach of those who do not share equally in the inflation and thus weakens markets; the social inequities of rapid shifts in income patterns—all are well-known developments. None of these can be argued logically as being promoters of growth; their actions naturally would seem to inhibit growth. Thus, the fact that the record shows occasions when we have had both growth and inflation would seem to indicate, at best, coincidence.

The record also seems to show that control of inflation is by no means a hopeless task. Particularly in the period from 1951 through early 1956, when there was substantial growth without appreciable inflation, does the record give encouragement. Actually, the whole postwar period from 1948 on looks fairly good, even though there was a Korean War and a major defense program continues still. While I would not attempt to claim undue credit for a flexible monetary policy in contributing to this after 1950, I think it is more than a coincidence that the postwar period of relative stability and relatively high growth has seen the reemergence of flexible monetary policy.

Defines Price Stability

Perhaps it would be desirable at this point to come a little closer to defining price stability than has been done so far in this paper. Price stability does not mean price rigidity, nor does it mean that individual prices should stay constant. Our kind of market economy calls for the price mechanism to allocate resources by reflecting the cross-effects of demand and supply. As changes in particular demands and supplies constantly occur, this allocation process cannot take place unless individual prices have some flexibility. The general level of prices, however, should stay relatively stable. It can register moderate ups and downs over reasonable periods of time without detracting too much from the general beneficence of stability. The key point is that prices should not move rapidly or constantly in either direction. From this it would follow that so-called creeping inflation of 3% per year compounded over a long period of time is ruled out as undesirable, particularly in peacetime. We have a far better record than that in the postwar years, excluding Korea.

One other conclusion may be drawn from the statistical record of price behavior. The experience of the 1944-1947 period seems to invalidate the claims advanced for the efficacy of direct price controls. Memories of the black and gray markets of those days and the price behavior of the post-control period hardly argue that this type of control can cope with basic inflationary forces, even if it were consonant with a free enterprise economy.

I have said that the postwar period as a whole looks fairly good in terms of growth and price stability. So it does relative to much of the rest of this century to date. But two questions immediately come to mind. Is the record good enough? Can it be improved? In other words, do we have or can we attain the proper climate for continued greater growth?

Here it is of high importance for us to keep in mind that we are talking about growth in our kind of political economy with its emphasis on individual freedom. Historically, we have placed our dependence upon free choice of work and of the fruits of work to give our economy its dynamic quality. We have depended essentially upon the interplay of demand and supply and the price mechanism to allocate resources and goods and services. This mechanism has some natural imperfections, and we have contrived some other interferences, but by and large it has done its job fairly well.

Our kind of system places great value on individual freedom, and it requires a high order of individual responsibility to make it work. One big reason why some people view the ostensibly favorable postwar record with pessimism is that they believe they see some decline in the sense of individual responsibility. As a matter of fact, a good many thoughtful Americans recently have been writing and speaking of the need for all of us to raffirm the moral values that have made this country strong. They call for a rededication of individual responsibility and a recognition that our world position requires greater rather than lesser exercise of that responsibility.

There are some areas of American life which require more rethinking of goals and responsibilities and more effort to achieve those goals than do other areas. In the field of economics, the course seems reasonably clear and, in a sense, involves no great effort. What it does involve is a clear recognition of economic facts, the exercise of responsibility and intelligence in pursuing economic objectives, and the definite desire to keep these objectives fairly consistent with each other. To say this in another way, what is required on the part of every one is to think of tomorrow as well as today when striving for economic gain and to recognize that the course of economic development simply is not likely to be a perfectly smooth process.

Specifies What Growth Requires

Let me translate this into a few specific points of illustration:

Item: We all know that economic growth depends in large part upon growing capital investment and improved technology. These in turn depend largely upon the volume of saving and upon the return on investment. While the motives for saving and investment are complex, one powerful stimulant is rate of return. Thus, in a free economy, low interest rates and low profit rates are not unmixed blessings. What we want normally is interest rates low enough to encourage the use of savings but high enough to stimulate an adequate volume of savings. We also want an economic environment that gives reasonable assurance that savings will not be eroded by price inflation. Furthermore, we need profit rates high enough to induce investment but not so high as to create maldistribution of income.

Item: A successful and growing economy produces a high level of employment. But no policy, public or private, can produce a continuing high employment level if the output, public or private, of that employment is produced at costs too high to be absorbed by the people either through private demand or in the form of public demand. Thus wage increases that surpass productivity increases over the long run not only raise costs unduly but limit employment. The fact that the United States is a highly self-sufficient economy merely means that we have some more room to operate with undue cost increases than many other economies; it does not mean that we can blithely ignore this factor. It has been asserted that we may choose either high employment or price stability as a major goal; actually we have no such choice. If we have constant cost inflation, we cannot achieve high employment.

Item: As noted above, goods and services produced have to be absorbed through private or public demand. Easy acceptance of cost increases on the assumption that they can be passed on in the form of price increases quite often leads to rude shocks to the seller because there are natural limits to this process. One limit comes from what economists call "marginal utility"; since price increases are not even, some goods simply get priced out of markets because cheaper substitutes become available. Another limit is income maldistribution that quite often accompanies price inflation and tends to limit markets as a whole. A growing economy needs wider rather than narrower markets; price increases simply do not widen markets.

Item: No matter how responsibly we act as economic and rational individuals, the economy is likely to get out of balance from time to time. We have learned how to minimize the adverse effects of such imbalance through so-called built-in stabilizers, and we have relied on fiscal and monetary policy to act as general economic balance wheels. These balance wheels, however, have to be allowed to operate functionally if they are to serve their purposes. With respect to fiscal policy, this means balance in normally good times, surpluses in inflationary times, and deficits in recession. Deficits in normal times are highly undesirable; in inflationary times they are distinctly perverse. With respect to monetary policy, its effects are felt through restricting credit and growth in the money supply in inflationary periods and reversing those actions in deflationary periods. No one criticizes an easy money policy, but there seems to be some lack of understanding that a restrictive policy to be effective has to restrict.

Summary

To conclude, let me summarize what I have tried to point out. We want a growing economy in this country; in fact, we have to have a growing economy to produce a high level of employment and to produce the volume of goods and services we need for a more abundant life, for an adequate defense establishment, and for the host of public services we demand. We have the basis for such an economy; we have the resources and the technology to grow in the future at an even higher rate than in the past. What we need to do is to have the will to grow and to follow policies which will promote rather than inhibit or limit growth.

We must stop talking so much economic nonsense in contending that there are irreconcilable conflicts between the objectives of growth, high employment, and price stability. The price of high employment is not inflation; the cost of price stability is not unemployment. Actually, the requirement for real growth is high employment and price stability, and the requirement for price stability is real growth and high employment. We not only can make these objectives consistent; we have to make them so to provide a proper climate for growth.

Now With Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Brantley M. Johnson is now with Kidder, Peabody & Co., 140 Montgomery Street. He was formerly with Reynolds & Co.

Hooker & Fay Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Sherwood B. Marshall has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with Stone & Youngberg and Walter C. Gorey Co.

Slayton Co. Transfers Sales Div. to Clayton

CLAYTON, Mo.—Slayton & Co., Inc., the nation's oldest mutual fund retailing firm, has opened offices in Clayton, Mo. to house its Metropolitan St. Louis Sales Division, Hilton H. Slayton, President, announced April 6.

Headed by Divisional Manager Farrell D. Lowe, the 20 mutual fund sales representatives of the Metropolitan St. Louis unit will now work out of Clayton's Meramec Building. The Division had been located at 408 Olive Street in downtown St. Louis which will continue as national headquarters of both Slayton & Co. and Managed Funds.

York Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Harry S. Connelly, Jr. and Jess J. France, Jr. have been added to the staff of York & Co., 235 Montgomery Street, members of the Pacific Coast Stock Exchange. Mr. France was previously with Harris, Upham & Co.

With McDonnell & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas R. Nesbitt is now affiliated with McDonnell & Co. Incorporated, Russ Building.

Joins Estate Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Alvin K. Nierman, Vernon H. Noe and William D. Waddicar have joined the staff of Estate Securities Corporation, 1600 Ogden Street.

Has Inflation Been Brought Under Control Here and Abroad?

By EDWARD T. McCORMICK*
President, American Stock Exchange, New York City

Exchange head is skeptical that the slow inflationary spiral has been brought under control by us and our Western allies. In indicting inflation as a dangerous threat to us and our allies, Mr. McCormick prescribes a three-point program to stop inflation and also recommends a huge dose of "intelligent self denial" and full cooperation of both management and labor. Turning to the importance of wider distribution of capital ownership, the American Stock Exchange President calls for reasonable prudence in market participation and warns that stocks are not a guaranteed hedge against inflation.

For the past two decades and more, we have all witnessed and felt the increasing impact on our economy of an inflation that has reduced the value of our 1939 dollar by more than one-half and the value of the dollar after World War II by more than one-third.


E. T. McCormick

The greater part of this inflation occurred in the period from 1941 to 1948 by reason of extensive wartime deficits incurred by the Federal Government. In 1950, after Korea, there was a renewed rise through 1952. After some measure of stability in 1953 and 1954, the so-called "creeping inflation" of 1956 and 1957 took over when output per man hour costs were again exceeded by increases in cost of manufacturing. Strangely, even during the 1957-58 business recession, consumer and wholesale price indexes continued their gradual rise.

Doubts Inflation Has Been Controlled

While there is belief in some quarters that this slow inflationary spiral has been brought under control by us and our Western allies, I, for one, do not so believe, but am of the opinion that it presents a great and real danger to the future stability of our joint economy. I believe that, unless positive steps are taken to stop this inflationary trend or at least to slow its creep to the slowest of crawls, we stand to lose not only such domestic economic stability as we and our major friends now enjoy, but also the growing and vital international trade war with those behind the iron curtain—a production line battle with the world at stake.

For our long-term economic survival it is essential that all of us in government, labor and management unite in a continuing struggle to keep inflation within bounds.

Again strangely enough, many a man in the street is not concerned about inflation. He is often more troubled by a prospect of deflation. And his reaction is typified by those who say, "Present higher prices of goods don't bother me too much. I'd rather have them and the income to pay for them than return to the period of low priced goods when I couldn't earn a dime to buy them."

The practical personal appeal of such reasoning is understandable but its ultimate economic effect will be disastrous.

You and I need no one to tell us what inflation is or what it can do. Wage payments plus credit are outrunning actual production, and as long as they continue to do so, we will have a serious dislocation in our economy.

As President Eisenhower so aptly said in his State of the Union message:

"Inflation is not a Robin Hood, taking from the rich to give to the poor. Rather, it deals most cruelly with those who can least protect themselves. It strikes hardest those millions of our citizens whose incomes do not quickly rise with the cost of living. And when prices soar, the pensioner and the widow see their security undermined, the man of thrift sees his savings melt away; the white collar worker, the minister and the teacher see their standards of living dragged down."

Submits Three-Point Program

To attack the problem of inflation, we must do three things, first, stop the wage price spiral, secondly, we must save and invest, and, third, we must insist that the Federal and state governments exercise restraint and refrain from anything but essential expenditures. But let me make one thing clear—inflation will not kill us as fast as a Soviet "A" or "H" bomb, so I plead not against essential military expenditures but only against waste, because if we have waste we lose on both fronts.

Now that the business recession has been licked, and I sincerely believe it has been, we are looking forward to renewed prosperity. But it is very likely that this year will bring expanding demands for wage increases. A recent report by the First National City Bank of New York indicates that 2.9 million workers are scheduled under existing contracts to receive wage increases in 1959, while another 4.4 million are covered by cost-of-living escalator clauses and that nearly half of the major wage contracts tabulated by the United States Department of Labor expire this year including the steel industry which frequently sets the pattern.

This report further notes that on Jan. 20 the United Steel workers advertised in, of all places, the Wall Street Journal their desire for a 1959 model contract providing "$1 billion in new money" for "1,250,000 steelworkers." Which billion dollars would be roughly equivalent to three quarters of the after-tax earnings of the iron and steel industry in 1957 and more than the industry's 1958 earnings.

Intelligent Self-Denial

Putting a stop to the increasingly dangerous wage price spiral which promises to be accentuated by the expected demand this year will require intelligent self denial and the full cooperation of both management and labor. By intelligent self denial I mean a disregard of the immediate "fast buck" and a keeping of the eye on long-term personal welfare. On the wage price spiral problem you may be interested to know that during the period 1939 to 1956, output per man hour in the steel industry rose 64%. But during the same period, average hourly earnings, plus fringe benefits, rose 211%, resulting in an increase in unit labor cost during that period of 89%. When wage increases exceed the increase in productivity something has to give and it is usually the price to the consumer of the goods produced. Our rosy prospects for the future are certainly going to be retarded if our dream child products are priced out of the market.

How many foreign markets are now closed to us because our price tags are too high? How many foreign products are imported and sold in volume in this country because, despite tariffs and duties, they still undersell our own goods? How much employment is now caused and will be caused for this reason? In short, isn't labor, in continuing to press demands for wage increases not tied to increased production, in danger of pricing a substantial part of its own members out of the market.

The continuing fight against the forces of inflation will not be an easy one but I trust it is one which we can all participate in waging with a reasonable measure of success. It is a fight which every individual can share in by continued adherence to the principals of saving and sound investment. Ours is a capitalistic economy and for its continued expansion must be an economy of savers and investors who can provide the capital to foster invention, research and development and provide the plant, equipment and tools for industrial growth.

As you may know, the average investment made by our largest manufacturing companies is about $20,000 per employee; for railroads the figure is $32,000 and for utilities $38,000. While the greater proportion of the funds needed to make this capital investment has been obtained by corporations from retained earnings and reserves for depreciation, an increasingly larger part of such funds must come in future years from the savings of individuals.

Wider-Spreading Stock Ownership

As President of the American Stock Exchange which has played an important role in developing this diversity of ownership in our corporate enterprises, I am probably more acutely aware than most people of the importance of greater and more wide spread stockholder participation in our industry. We at the Exchange have for years been preaching the doctrine of saving and sound investment by an ever-broadening group of individuals. True enough, we have a selfish interest in this, for it is good for our business. But more than that we realize fully, from a purely objective point of view, that a substantial increase in the present number of investors and in the amount of their investment will not only benefit such shareholders in American industry but is a prerequisite to the ability of American industry to bring to our growing population, in the years to come, a higher standard of living and a participation in and enjoyment of the products of a technological revolution of which we are now seeing only the bare beginnings.

Public participation in the market has been expanding considerably in recent years and particularly in the past several months. Whether these individuals are motivated by the promising business outlook or whether they see common stocks as a hedge against inflation, or both, it is difficult to tell. Indications are, in any event, that the number of stockholders in this country has passed the 10 million mark. One brokerage firm was reported at year end to be adding new accounts at the rate of 950 a week.

As you might appreciate, it is not only the wealthy or near wealthy who have been purchasing stocks. This group of millions investors is composed principally of the working man, the white-collar worker and the so-called middle income class. A recent study by the New York Stock Exchange showed that persons with incomes of less than $25,000 a year accounted for 68.1% of all transactions by public individuals.

This public participation is further evidenced by the growth of the Mutual Funds. In 1940 there were only 68 mutual funds with $448 million in assets. Today 149 funds have about $12.75 billion in assets, with the greater part in stocks. A further $12 billion in stocks is held by other institutional investors, such as insurance companies and pension funds. A significant indication of public investor demand was shown last year when the Lehman Bros. Fund, which originally offered $37.5 million in shares, raised the offering to $198 million, and when the Lazard Freres' Fund which, too, originally aimed at $37.5 million was boosted to $127.5 million.

This increasing public participation in the market is good for the economy so long as the investing is done with reasonable prudence. No man should buy securities blindly, no one should simply buy market averages or buy simply because the price of a security has been rising—nor should he buy a security solely because it has a romantic space age name. Remember that many of these are in a state comparable to that of the radio industry in the Twenties, when hundreds began their struggle to be the giants of today. A few made the grade. Selection of investments after careful analysis, the purchase of value, should be the public watchword. It should be noted, as well, that investment in common stocks is not a guaranteed hedge against inflation. Many common stocks have and will go down even though our country continues to be plagued with inflation.

If an investor buys after thorough analysis of the prospects of a particular corporation, he will be doing himself, the corporation, and our economy a service, and can be less concerned with the temporary market fluctuations which are bound to recur in almost every security.

In summation let me reiterate my conviction that inflation, unless it can be brought to a halt or slowed to the smallest of crawls, presents real danger to the economic stability of the nation and to the personal fortunes and future of each of us. Each of us then, whether he be in government, labor or management, must unite in the exercise of self discipline and self restraint to keep this economic menace within bounds. More penny pinching by government, more circumspect wage demands by labor and price demands by management, and more saving by individuals, can win the day.

*An address by Mr. McCormick before the 8th Annual Institute for Maine Industry, Colby College, Waterville, Maine.

Two With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Henry H. Jenson and Stanley A. Smith are now connected with Investment Service Company, 916 Broadway.

Now With Walston Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Franklin G. Miller is now associated with Walston & Co., Inc., Denver U. S. National Center. He was previously with J. A. Hogle & Co.

Joins John L. Eisner

(Special to THE FINANCIAL CHRONICLE)

LAWRENCEVILLE, Ill.—Larry W. Tolen has become affiliated with John L. Eisner, Gee Building.

H. C. Speer Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Weimar G. Preschern has been added to the staff of H. C. Speer & Sons Company, 135 South La Salle Street.

With Burton J. Vincent

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard H. Wierenga is now with Burton J. Vincent & Co., 105 South La Salle Street. He was previously with Smith, Barney & Co.

New Hardy Branch

Hardy & Co., members of the New York Stock Exchange, has opened a branch office at 543 Madison Avenue, New York City, with Cyrus S. Fisher as resident partner in charge.

Spear, Leeds Branch

PERTH AMBOY, N. J.—Spear, Leeds & Kellogg has opened a branch at 315 State Street under the management of Ralph W. Salisbury.

With L. A. Caunter

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Peter B. Fontana is now with L. A. Caunter & Co., Park Building.

A Brighter Economic Outlook May be at Hand for Cotton

By M. K. HORNE, JR.*
Chief Economist, National Cotton Council of America
Memphis, Tenn.

Despite last year's admittedly sharp decline in cotton consumption and other discouraging factors, Dr. Horne's overall assessment of the outlook for this commodity is good. He draws a critically sharp picture of the favorable and unfavorable past, present and future trends in both the export and domestic markets. Some of the encouraging factors include a decline in the critical area of losses in industrial usage and possibility that a lower price in cotton could give it an added margin of competitive strength. The author warns that the vulnerable decline in industrial demand can only be tackled by drastically improving the research effort.

This will be a brief round-up of the facts on the domestic and export markets for American cotton.

Consumption by the spinning mills of this country declined from 9.2 million bales in the season ended Aug. 1, 1956, to 8.6 million the next season and to 8.0 million last season. If consumption for the remainder of the present season continues down to next August 1 at the average rate of the past several months, with just the normal amount of seasonal change, it will total 8¼ million bales this year. If the upward rate of recent months continues, the total may be substantially above 8¼ million.

M. K. Horne, Jr.

Our exports of raw cotton totaled 7.6 million bales in 1956-57, 5.7 last season, and the Council's Foreign Trade Division now feels that a minimum expectation for the current season is somewhere around 3.4 million bales.

We can't ignore the steep decline in the off-take of our cotton from more than 16 million bales season before last to perhaps less than 12 million this season. What caused it? What does it mean for the future?

We'll go later into the meaning of the export decline, but first let's look deeper into the domestic market.

Examines Domestic Market

There was a long and painful decline in the monthly rate of mill cotton consumption, lasting from the first of 1956 to the spring of 1958. The bottom came last April, and there was an increase in the seasonally adjusted rate of consumption for every month from April through November. December saw a reversal in this upward trend, but no one was particularly surprised in view of the announcements which had been made about extended shutdowns over the holiday periods. We always get pauses such as this in any upward trend of the cycle.

Is this recovery trend likely to continue upward for a while? On that question I will only try to review some basic facts:

Low Mills' Earnings

The earnings of the mills have been too low for a number of years, and especially in 1958—too low from the standpoint of everyone who wants to see cotton consumption increased. The mills were plagued all through their long recession by excessive stocks of cloth. They naturally may be very cautious now about building those stocks back up again. And they have a strong incentive to keep stocks low at the end of the current crop year because of the lower support prices announced for raw cotton, effective next season.

But the mills' cloth inventory policies will not be the only thing, or the main thing, determining how much cotton they spin up. The main thing will be how much cloth they sell. And we can point to some strong forces that should help them sell more of it in the period ahead. One is the rise in general business conditions of the country, which is continuing. Another is the strength that retail clothing sales have been showing. Another is the performance of inventories. Mill inventories of cloth have been declining since last May. Inventories all along the line, from the mill to the retail counter, are considered to be in pretty healthy shape and can no longer be the depressing influence which they were in the recent past.

All this suggests that the pull of purchases by the final consumers will be felt more strongly at the mill level and that the modest recovery that we have had since last April, following the long recession of the preceding two years, is not all the recovery that we are going to get.

We see the basic trend of our domestic market more clearly when we add together the amounts of cotton consumed in its many uses at the point where the end products are manufactured — shirts, sheets, bags, etc. The Council's Market Research staff does this job. We have compiled a total for each year during the period from 1947 through 1958. The net trend across these years has been a sideways one, or perhaps slightly downward. We begin to see the real behavior of our domestic market, however, when we look inside this total trend and examine some of its parts. I want to mention the four main components of our domestic market.

Encouraging Domestic Signs

The first one is cotton clothing. This rose from 2.7 million bales in 1947 to 4 million in 1956. The recession in the clothing business at the cutting up stage was reflected in mild reversals during 1957 and 1958, but the basic trend of our domestic clothing market is clearly and strongly upward—upward by a net amount of 43% across these 11 years.

Next I will mention the household uses of cotton. This part of our market had a very mild upward trend across the 1947-1958 period. In apparel and homefurnishings combined, our domestic market grew substantially. Where, then, did we have the offsetting declines in our domestic market which resulted in a failure of the total to increase?

Area of Marked Decline

These losses were in two parts of our market, the industrial uses for cotton, and the net exports of cotton yarn and cloth.

Across the years from 1947 through 1958 our textile exports have declined and our textile imports have increased, so that the net export market for U. S. yarn and cloth has gone down from well over a million bales to less than 300,000 bales.

Our most serious and direct competitors for the domestic market can be summarized this way: (1) foreign textiles, (2) the non-textile materials like paper and plastic which are going into textile uses, (3) the technological changes which are reducing the need for some textiles, (4) rayon and acetate, and (5) the non-cellulosic fibers such as nylon and Dacron. When we talk about being competitive for the U. S. market, we have to think about the impact of all these things on all our markets.

Net textile exports comprise the smallest sector of the four, but it has declined enough to keep the overall trend of our domestic market from rising. The decline continues. Last year, again, our textile exports declined and our textile imports increased. Obviously this competition is largely with textiles manufactured abroad. In addition, our imports of textiles made up into end products have been increasing substantially in recent years. They increased again last year.

Turning now to our industrial uses, we find that here is where we had our biggest losses. What uses are we talking about when we say "industrial"? During 1958 the biggest, in order of size, were: shoes, industrial sewing thread, bags, automobile linings and upholstery, medical uses, tire cord and fabric, machinery belts, cordage and twine, electrical insulation, laundry uses, tarpaulins, awnings, industrial hose, and tents.

Glancing at this list, we can note three things:

Problems Common to All Textiles

First, we have much competition here from other fibers, but by and large we have an equally serious threat from plastics, paper, and other non-textile materials, combined with technological developments such as tubeless tires reducing the need for chafer fabric and bulk handling reducing the need for bags. This is a common problem for all textiles.

Second, two uses which comprised nearly half of our entire industrial market in 1957 (bags and tires) were in third and sixth places respectively in 1958. Our industrial market today is a remarkably diversified one.

And third, in some of these uses—a minority of them still—we have been making net gains in recent years.

Pleads for More Research

As long as we lag so far behind our competitors in research, the gradual erosion of these industrial markets is likely to continue. But it very clear that the over-all rate of our losses in this part of the market has declined in recent years. With a lower price next season we should have at least a good chance to stop the net loss and begin scoring modest gains. In the past decade our big losses in the industrial uses have neutralized our big gains in the apparel uses. If we can stop the former trend and continue the latter one, we can see our domestic market begin a period of very substantial growth.

And what about our apparel and household uses? If we can just say one thing about our record of the past year, it should be on this subject: resin treated cottons versus synthetic blends.

One year ago we noted that in 1957 the blends of non-cellulosic fibres had made important gains upon all-cotton fabrics in the apparel field. Today we can note, just as factually, that in 1958 the tide of battle turned in favor of all-cottons. Cotton made genuine competitive gains throughout the apparel market, and it made them primarily through the wash-and-wear fabrics.

As for homefurnishings, our competitive gains and losses last year were about a stand-off. We have some big threats but also some big opportunities here. Combining homefurnishings with apparel, if we discount the recent recession, we find that the overall trend of the two is upward and that we have a great chance to make the upward trend continue. And this rising sector of our market now comprises three-fourths of total cotton consumption in the United States.

The year 1954 was the bottom of the next-to-last textile recession. The year just past was the bottom of the latest one. If we compare the performance of cotton and rayon across the period of time from one recession year to the next we find that rayon consumption in the United States, expressed in cotton equivalents, declined fully as much as cotton consumption. Percentagewise rayon declined slightly more than cotton.

Reduced Rayon Threat

The rayon industry went into this four-year period with great plans for market expansion. Instead it has had a market contraction and a distinctly rising trend in cost of production. The story comes out sharply when we look at the combined net profits of three great companies engaged primarily in making rayon. In earlier recessions they managed to go on making pretty healthy profits, but in this latest one their profits evaporated. For the first nine months of 1958 these three companies combined were just about at the break-even point. This is something new under the sun.

This time a year ago we said that rayon staple fiber was generally from six to 10 cents a pound cheaper than cotton in net cost to the mills. We have been living under a tremendous threat that, with this big price advantage, rayon would break through into some of our great clothing and household markets. Today that difference in mill cost is down slightly, and under the new legislation affecting the price of cotton, rayon's advantage may be reduced substantially in the season ahead. This tremendous threat

Continued on page 24

*An address by Dr. Horne before the Cotton Council's Annual Meeting, Atlanta, Ga.

Economic Trends Affecting Real Estate's Prospects

By DR. ROBERT R. DOCKSON*
Consultant, Union Bank, Los Angeles, Calif.
and
Professor of Economics, School of Commerce,
University of Southern California, Los Angeles, Calif.

California bank economist is optimistic about real estate's overall future and anticipates southwest's growth rate will exceed the nation's. Adding together other trends he sees GNP increasing 7% over 1958 to $466 billion for 1959. Expressing preference for a balanced economic growth pattern to a steeper or as steep a trend line as in Russia, Prof. Dockson contends we possess the know-how to prevent a disastrous depression as well as runaway depression. He adds, however, we will be slow in applying our knowledge and, thus, our total output will not always be at the peak nor will prices remain steady.

While it is important to analyze specific economic trends which have an effect upon real estate, it is even more important to understand the capabilities of our business system and the type of economic environment in which we are apt to be operating over the next five, ten or fifteen years. At the present, we are engaged in a controversy over whether we can afford to increase our total output each year at a rate as fast as Russia's or whether we should put our emphasis upon combatting further increases in the price level even though such might mean a relatively high level of unemployment. Both of these extreme views are inappropriate for our system.


Robert R. Dockson

We Possess the Know-How

We have learned a great deal about the operations of our economy since the end of World War II, and it is possible for us to maintain a relatively rapid rate of growth without suffering from either a high unemployment rate or runaway inflation. In order to accomplish this, it is essential that everyone recognizes that some fluctuations in business activity must occur if we are to retain the basic elements of the free enterprise system. Also, our history shows that prices are likely to increase as we strive toward a higher and higher living standard. We now possess the know-how to prevent a disastrous depression as well as runaway inflation but because we are a democracy, we will be slow in applying our knowledge and, thus, our total output will not always be at the peak nor will prices always be held at the same level. Our rate of growth might be somewhat less than Russia's but this is a small and inconsequential price to pay for an economy that offers us the highest living standard in the world and, at the same time, a degree of freedom unequalled in any other country.

The economic environment of the future is expansionary and this is bound to have an important effect upon real estate. Individual communities and industries are certain to suffer from periodic downturns resulting from over-expansion or over-production but the nation as a whole will tend towards an ever higher level of output. Periods of over-all decline will be temporary and need not reach catastrophic proportions. Thus, the short term forces affecting real estate will be operating around a long term upward trend. A balanced economic growth pattern is far more important than a trend line as steep or steeper than Russia's.

Because real estate embraces such a large and diversified number of activities, nearly every economic force has some relationship to it. Of major importance are: population trends and family formations; the trend and distribution of personal income; the trend in total spending; the supply and costs of funds needed to finance real estate transactions; research and development expenditures; governmental activities of various kinds; the mobility of our industry and population; our tax structure; and the use of our natural resources. These forces, plus others, determine the level of real estate activity for any given period.

*An address by Professor Dockson before the Annual Southwest Regional Appraisal Conference, Los Angeles, Calif., March 13, 1959.

Real Estate's Most Important Determinant

The most significant trend affecting future real estate activity is the anticipated rate of increase in our population. Just recently the demographers of the Bureau of the Census have again revised their estimates of our future growth. It is now expected that we will have between 192 million and 200 million people in the United States by 1965 and 216 million to 244 million by 1975, compared with approximately 176 million today. Since the past estimates of the Bureau have been on the conservative side, we are probably safe in assuming that by 1975 we will add to our population more people than currently live in Great Britain and Canada combined. An increase of this magnitude cannot help but mean a tremendous rise in business activity.

We might expect an annual net increase in households of about one million per year between now and 1970 and by 1975, they could well reach the annual rate of 1.5 million. As we relate these figures to housing needs and then add to them the dwelling units that will be required to replace those that become outmoded, destroyed or demolished, plus the growing tendency for many families to have a second home for recreational purposes, it seems reasonable to expect that new dwelling units will be needed at the annual rate of 1.5 million by 1970 and at the rate of 2 million by 1975.

A population growth anything close to the amount forecast will require more than housing needs. Commercial and industrial businesses will need to increase their current facilities and even new organizations will be established to produce the durable and nondurable goods desired by our new citizens. Hospitals and schools will need to be constructed as will additional governmental facilities. In addition, real estate will be sought to supply the recreational requirements of this young and vigorous new society. All of this growth, whether it is commercial, industrial, governmental, recreational, professional, or even religious in nature, will have an impact upon pieces of real property and, thus, will influence future real estate activity.

Influence of Personal Income

Another important economic trend affecting real estate is the trend and distribution of personal income. The recessions of 1953-54 and 1957-58 demonstrated we have learned how to prevent a drastic reduction in personal income. Therefore when this is done one might expect expenditures of consumers to remain relatively high even when a reduction in general business activity occurs. In addition, the incomes of our middle groups are rising faster than those in either the extremely high or low brackets. As a consequence, the people in these groups, with a comparatively high level and a high propensity to consume, seek real property and, thus, increase the number of real estate transactions.

In the short run, the current level of income probably plays a more important role as a determinant of real estate activity than our increasing population. From all indications, it appears that the rest of 1959 will witness a steady rise in total personal income. The recent survey of consumer finances conducted by the Research Center of the University of Michigan bears this out and also indicates that consumers are in a buying mood for real property. During this year, nearly 4 million workers will experience automatic increases in their wages as a result of contracts with employers. This, in turn, will have an influence on the wage demands of workers in other industries. Also, employment is turning up and, thus, total income will also rise from this cause. All told, it is estimated that total personal income will rise approximately 6% during the current year.

Trend of Business Activity

Another factor affecting real estate is the trend of general business activity. Although there are various measures we have of general business, probably the best is Gross National Product, the total value of all the goods and services produced within the economy within a given period.

With incomes higher and a large share of their former debt repaid, consumers find themselves in a much stronger financial position than a year ago. As a consequence, their purchases should remain on the increase all during 1959. If the automobile companies are unsuccessful in selling their new long, sleek, expensive models perhaps they should take a good look at their industry. The ever-expanding market for an ever larger and more expensive car is a market condition no longer with us. I believe a smaller share of total consumer expenditures will be going for automobiles and, thus, more funds will be available for housing, other durables and recreation.

Last year saw quite a decline in total expenditures on new plant and equipment. Most of the decline occurred in the manufacturing segment of business, and it is anticipated that there will be an increase in these expenditures during 1959 as the increase in over-all activity gains momentum. Over the next few years, outlays to modernize and to replace worn-out plant and equipment as well as to expand capacity are very apt to increase at significant rates. As they do, more land for industrial development will be required and older, rundown areas will need to be redeveloped.

Strong, Short Run Residential Outlook

From the reports I have been able to see, the residential sector of the construction industry is in a strong, short run position. The large number of new dwelling units authorized last year and so far this year practically insure an increase in total dollar expenditures of about 10% above the 1958 level. However, it is anticipated that by the third quarter and certainly by the fourth quarter of this year, the home building industry will be in trouble. The Federal Reserve has already started to tighten up on the cost of money and mortgage funds are likely to become more scarce unless the federal government steps into the gap. Even with this expected difficulty over funds, I still believe we will construct approximately 1.1 million units during the year.

Inventories are on the rise as total sales continue to increase and we are now producing more than we are consuming. By the second quarter inventory accumulation will approximate an annual rate of $3 billion. Whenever this occurs, employment improves even though it might be of a very temporary nature.

Total government spending is also increasing in spite of President Eisenhower's earnest efforts to hold down federal spending. Actual outlays by the federal government for goods and services, exclusive of the different types of support programs, will probably rise to an annual rate of at least $54 billion, one billion dollars higher than the rate reached during the fourth quarter of last year. State and local spending programs are likely to rise by another $3 billion. These figures indicate that the total demand for government goods and services will reach approximately $100 billion by the end of 1959, the highest level in our history.

Sees Higher GNP in 1959

Added together the trends in general business indicate that our aggregate output or Gross National Product will approximate $466 billion this year, about 7% above the estimated $437 billion of 1958. We seem to be coming out of last year's recession in an orderly manner even though some industries are still lagging. The steel industry is forging ahead at a very rapid pace but a large part of this seems to be caused by an anticipation of a possible strike by mid-summer. If the strike does not take place, the latter part of this year could become somewhat depressed for this and related industries.

The cost and availability of funds often plays a more important role in determining the level of new construction in the short run than does the basic demand. Most of the wide variations that occurred from 1950 through 1958 can be traced almost directly to the number of units financed under government insured FHA and VA loans. The number of dwelling units financed by so-called conventional mortgages remained relatively stable during this period. Funds tend to move into the mortgage markets whenever the yields on other investments are less attractive than the yields on mortgages, and they move away from mortgages when the reverse is true. If interest rates on the government sponsored progams were allowed to seek their own level in the competitive market, a more even flow of funds into mortgages could be expected. Until this is done, changing interest rates will have more than a "normal" influence on residential building.

Another factor that has an important influence on real estate activity is the amount of public construction that is carried on. All levels of government participate in construction programs of one type or another. Defense expenditures might create a brand new city, such as has occurred in several different spots here in California; public financed housing might be increased in any one year; new roads might be built; or new schools constructed to educate our children. All of these activities, add significantly to the total number of real estate transactions.

Persons engaged in the real estate business should feel quite optimistic about the future after reviewing the more pertinent economic trends. The total output of our nation is apt to come close to doubling by the end of 1975. While various segments of the real estate industry as well as various geographic areas within the United States will participate in this growth at different rates at different times, the over-all picture is filled with promise and opportunity. With the economy of the southwest growing at rates that exceed the rest of the nation, the opportunities here appear to be greater than those found in any other area of comparable size.

Commodity Exchange, Inc. Elects Three New Members

The Board of Governors of Commodity Exchange, Inc. announced today the election to full trading privileges on the Exchange of Abraham C. Golberg, general partner, Bruns, Nordeman & Co.; Donald V. MacDonald, general partner, Francis I. duPont & Co.; W. Harvey Thompson. Vice-President and General Manager, Riverside Alloy Metal Division, H. K. Porter Company.

Commodity Exchange Inc. is the nation's marketplace for the futures trading in copper, lead, tin, zinc, rubber, hides and burlap.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Joseph A. Broderick, former Trustee, President and Chairman of the Board of **East River Savings Bank, New York**, died April 5 after a short illness. Mr. Broderick retired from the East River Savings Bank on October 1, 1957, completing 61 years in the banking field.

Joseph A. Broderick

In 1936 Mr. Broderick was appointed by President Roosevelt as a member of the Board of Governors of the Federal Reserve System for a term of 14 years. He resigned after 18 months service to accept the Presidency of the East River Savings Bank of New York. He was the ninth President of that institution. On Jan. 10, 1952, he became its first Chairman of the Board.

Mr. Broderick's banking career started in 1896 with the **State Trust Company.** In 1910 he joined the New York State Banking Department as an examiner and served in that capacity until November 1914.

In 1919, Mr. Broderick joined the **National Bank of Commerce** as Vice-President. In 1929 he was appointed by Governor Franklin D. Roosevelt as Superintendent of Banks of the State of New York and continued under Governor Lehman until Dec. 31, 1934.

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Floyd M. Brown and William F. Feeney were elected Vice-Presidents of **Chase Manhattan Bank, New York.**

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Following the recent appointment of DeWitt A. Forward as Vice-Chairman, C. Sterling Bunnell, Senior Vice-President of **The First National City Bank of New York,** has assumed Mr. Forward's former duties as Chairman of the bank's Money Committee and overall supervisor of credit policy.

Replacing Mr. Bunnell in the supervision of the Western Group and the National Services Group in the bank's National Division is George C. Scott, Senior Vice-President, who has recently served as deputy in charge of the New York Branch Division. Mr. Scott is succeeded by James M. Nicely, Senior Vice-President, who will act as senior group supervisor under the Executive Vice-President in charge of the New York Branch Division. John E. Thilly, Vice-President, will serve as administrative assistant and personnel officer and will continue as senior supervisor of operations in the branches.

Robert B. Silleck, Vice-President, has been placed in charge of the Correspondent Bank Department, succeeding Highland C. Moore, Vice-President, who has become head of the Credit Department. Charles O. Stapley, Assistant Vice-President, formerly in charge of the Credit Department, will supervise the Loan and Credit Section of the National Division and will be associated with Robert Swanson, Assistant Vice-President, in the administration of the Finance Companies Department.

The bank also announced that Edward Symonds, formerly an economist with the International Bank for Reconstruction and Development, will join First National City as a petroleum economist May 1. Meanwhile, John L. Ivers, Assistant Vice-President, will leave April 22 for City Office, London, where he will assist in the development of international petroleum business. Robert C. Paradise, Assistant Cashier, will be transferred from the Petroleum Department and assigned to Indiana and Michigan effective April 6. Also transferred to the same district is John D. Soutter, official assistant.

Henry M. Sperry has been appointed a resident Vice-President, with headquarters in Hong Kong. He was formerly manager of the Hong Kong Branch.

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The Tokyo Branch of **The First National City Bank of New York** will move into new and enlarged quarters on April 6 in the bank's new nine-story building at No. 4, 2-chome, Otemachi, Chiyoda-ku.

The bank operates four branches in Japan and two military facilities. Louis D. Cullings, the resident Vice-President in charge of operations in Japan, is located at the Tokyo headquarters. Thomas P. Davis is Manager of the branch.

First National City's first branch in the country was established in Yokohama in 1902 by the International Banking Corporation, control of which was purchased by the bank in 1915. The Tokyo branch was first opened in 1923 and has been located in temporary quarters pending construction of the new building at its former site.

First National City Bank also announced the opening of a new branch in the Belgrano section of Greater Buenos Aires, Argentina, a prosperous residential section of the Argentine metropolis. The branch is located at Cabildo 2246.

First National City has operated in Argentina since Nov. 10, 1914. It has four other branches in Argentina — three in Buenos Aires and one in Rosario.

The new opening is the 53rd in Latin America and brings to 77 the number of branches, offices and affiliates of the bank in 26 countries overseas.

* * *

Chemical Corn Exchange Bank has elected Dr. Ernst Weber to its Brooklyn Advisory Board, it was announced on April 9 by Harold H. Helm, Chairman.

Mr. Helm also announced the appointment of A. S. Aronson to its Grand Central Area Advisory Board.

H. I. Romnes was elected a Director of **Chemical Corn Exchange Bank, New York.**

CHEMICAL CORN EXCHANGE BANK OF NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	3,422,882,448	3,593,567,713
Deposits	3,015,327,240	3,174,002,554
Cash and due from banks	791,316,998	945,243,956
U. S. Govt. security hold'gs	603,393,418	585,707,523
Loans & discts.	1,468,808,689	1,524,399,145
Undivid. profits	48,715,518	45,837,760

A combination courtesy-identification card is being offered to regular checking account customers of **Chemical Corn Exchange Bank, New York,** Chairman Harold H. Helm announced.

First of its kind to be offered by a major New York bank, the new card will enable the bearer to cash checks readily and transact business at any of Chemical's 94 offices conveniently located in New York's five boroughs, regardless of which office handles his account.

The appointment of Gilbert D. Lawrence as an Assistant Vice-President of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Lawrence joined the Bank in 1941 and was appointed an Assistant Secretary in 1955.

Mr. Lawrence is assigned to the Comptrollers Department at 44 Wall Street and is in charge of the data processing and research program of the Bank.

* * *

The appointment of Charles W. Schnell as an Assistant Secretary of **Manufacturers Trust Company, New York,** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Schnell joined Manufacturers Trust Company in 1948 and is assigned to the bank's Fifth Avenue Office, 510 Fifth Avenue, New York.

MANUFACTURERS TRUST COMPANY, NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	3,367,460,478	3,654,044,628
Deposits	2,984,566,837	3,257,855,823
Cash and due from banks	854,124,836	1,057,629,207
U. S. Govt. security hold'gs	815,910,419	865,585,430
Loans & discts.	1,208,591,326	1,268,386,427
Undivid. profits	23,354,969	71,113,502

* * *

James H. Jenkins and Lewis H. Semel, formerly Assistant Vice-Presidents of **Bankers Trust Company, New York,** were named Vice-Presidents March 31, it was announced by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore made known the election of Gregory K. Garrick, of the Empire State Office staff, and Walter J. Woytisek, of the methods research department, as Assistant Vice-Presidents. Both had been Assistant Treasurers. Appointed officers of the bank were: Donald B. Castleman, and John B. Sherman, of banking operations and Richard Dennen, Theodore G. Loetzer, Jr., and George S. Shirk, Jr., of the bank's pension division.

Mr. Jenkins, an account officer with the bank's Madison Avenue and 48th Street branch, joined the company in 1945.

Mr. Semel, who heads the Delancey Street Office of the bank, began his career with the **Public National Bank and Trust Company** in 1926 as an office boy. He subsequently joined Bankers Trust Company in 1955 through the merger of the two institutions. Named an officer of the bank in 1941, Mr. Semel was elected an Assistant Vice-President in 1946 and was named to head the Delancey Street Office in 1958.

Mr. Woytisek has been with Bankers Trust Company since 1941 and has spent the majority of his banking career in methods operation. He was named an officer of the bank in 1955.

Mr. Garrick began his banking career with the **Title Guarantee and Trust Company** in 1942 and joined Bankers Trust Company in 1950 when Title's banking operations were purchased by Bankers. He served with various branches in the Bankers Trust Company system and headed the Jamaica Office of the company from 1953 through 1955. He joined the Empire State Office staff in 1956.

* * *

Three vice-presidents have been elected in the oil and natural gas department of **Empire Trust Company, New York,** it was announced by Henry C. Brunie, President of the bank.

The new Vice-Presidents are: George F. Clements, Jr., in charge of exploration and evaluation; Earle Marshall, in charge of investments; and William B. Snyder, in charge of loans.

* * *

The Pennsylvania Exchange Bank, New York, changed its title to **The Gotham Bank,** it was announced by the bank's board of directors.

* * *

George B. De Luca has been elected a Vice-President of **Commercial Bank of North America, New York.**

* * *

Commercial Bank of North America, New York marks its 35th anniversary on April 9 with the opening of the completely modernized and redecorated headquarters offices at 116 Fifth Ave. In the announcement by Jacob Leichtman, founder and President, it was noted the Fifth Avenue premises had been occupied by the Bank of 30 years.

During the six-months alteration program, the banking operations had been transferred to the institution's bookkeeping center, leased three years ago, adjoining the main office. The main office of Commercial Bank of North America now occupies the entire blockfront on the west side of Fifth Ave. from 16th to 17th Sts.

The modernization program included installation of air conditioning, the creation of a new open public area more than 100 feet long and bordered by a marbled L-shaped tellers counter with 16 windows to speed customer service. Executive offices and interviewer sections also occupy the first floor quarters.

Currently ranking 182nd among the nation's commercial banks, the institution has resources of more than $165,000,000.

The history of the institution includes three mergers and the pioneering of several banking concepts new in general use in financial circles. It has undergone three changes of name in the course of its rapid growth from a single office institution capitalized at $150,000 to one currently capitalized at over $11,000,000 with 12 offices throughout Manhattan, Brooklyn, Bronx and Queens.

The Bank was one of the first to initiate personal loan service to wage earners and small businessmen.

The institution was founded in 1924 in Brooklyn as the Modern Investment & Loan Corporation by Mr. Leichtman, then 28, believed the youngest bank President in the state. In 1926, a merger was effected with Merchants Investment & Loan Corp. of Manhattan.

Several years later, headquarters of the merged institution, still operating as Modern Investment, was located at 116 Fifth Avenue.

In 1936 the institution changed its name to Modern Industrial Bank.

Seventeen years later it became the first Bank in New York State to convert its charter from an industrial to a commercial bank with trust powers. The institution became known as **Commercial Bank and Trust Company of New**

Continued on page 34

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks made what appeared for a time to be a determined stab at piercing the mid-March peak in the industrial average but the list turned easy after it couldn't mount enough strength to get into record high territory.

* * *

The unsuccessful attempt coincided with an unprecedented flow of official warnings against blind speculation from the Securities and Exchange Commission, stock exchange officials and brokerage houses. The warnings reached a crescendo that is unique in stock market history and had to share a bit of blame for chilling the list.

Shift to Quality

The apparent effects of all the caution notices was to calm down the play in low-priced issues, shift attention to the better grade items and prompted some rapid profit-taking where good gains were carved out.

* * *

Vick Chemical was probably the leading example of a multipoint gain one day with a reaction of almost as much the next. American Telephone reached the round figure of 250 for the first time since 1930 and, in fact, was a good help in carrying the industrial average to within a small fraction of its previous high. And then it, too, had profit-taking troubles.

* * *

It wasn't quite as clear whether the market's inability to surge ahead, or the many warnings against speculation, was responsible but trading interest was on the low side against the recent fever pitch and volume held pretty close to the three million line, or a million shares less than the norm a couple of weeks back.

Motors New Leaders

The new note was sustained interest in the motors generally, Ford definitely in the limelight with an appearance at the head of the volume parade which is not its normal position and nudging out the hardy perennial in that spot, American Motors. In the process Ford worked to its best posting since early in 1956 when it was first listed. It has never sold in listed trading at the $64.50 price at which the shares were first brought out to the public but was apparently heading for that mark this week.

* * *

Unlike some of the other space age issues where bright promises are the mainstay, General Tire had specific facts, it almost quadrupled first quarter earnings with the help of Aerojet, its rocket subsidiary. Aerojet's profit jumped 67% in its fiscal quarter. General Tire and Aerojet stocks were quick to respond with multipoint gains.

* * *

The sick note among the quality items was American Can around which much pessimism circled. It was a repeater several times on the list of new lows and it appeared to be mostly concerned over pricing policies by the company. The latest trim was in cans used for food which followed an overall reduction in January on all metal cans.

* * *

Also something of a new note was some stirring in the aircraft section, helped along by high secrecy by Curtiss-Wright over some new product or products it is planning which excited curiosity, and by the diversification plans of North American Aviation which proposed merging with Foster Wheeler. The latter is more noted for oil equipment to go underground than it is for soaring in the skies. It was, however, the better-acting item on the news since the share-for-share exchange proposed found Foster Wheeler lolling a handful of points under that of North American. It narrowed the gap in a rush.

Rails Still Neglected

Railroads continued to feature as the neglected major group, neither prominent on any urgent selling or spurred on the buy side by such merger proposals as that between Virginian Railway and Norfolk & Western.

* * *

Despite the neglect, the rails weren't entirely without merit. Atlantic Coast Line, in fact, with a sharp snapback in its profits and a good rein on expenses was headed toward earnings that made it something of a dividend-boost canadidate. The earnings have held up well throughout, $4.79 in 1956, $4.20 in 1957 and $4.04 in 1958 against a dividend requirement of $2 a share with the prospect that earnings this year should approach the 1956 level and leave plenty of room for a payment appreciation. In addition to its own increasing business, Coast Line also gets substantial income from its ownership of about one-third of Louisville & Nashville. In addition, there is also the possibility eventually of a merger with Seaboard Air Line to give it something approaching a monopoly in an area where home building is all the rage at the moment. This interest in Florida realty has so far skipped by both Seaboard and Coast Line; at least there hasn't been any concentrated attention in them as there has been in the realty issues themselves.

Cements Also Laggard

Also among the more laggard issues — and it is not a new story — are the cement shares despite all the heavy construction and road building and the prospect that the tempo will pick up as warmer weather arrives. Penn-Dixie Cement, one of the larger in the group, has been held back in recent years as far as its profits statements are concerned by heavy capital expenditures, but should start to realize the benefits from them shortly. For the industry generally, and Penn-Dixie specifically, prospects are for a good rise in sales this year. Penn-Dixie's profit picture is for results of around second best in its history. And, as the preliminary expenditures for planning, land acquisition, etc., in the highway program taper off and actual construction and cement usage picks up, continued good business into the 60's seems assured. That earnings will more than double the dividend requirement makes this, too, a candidate for liberality.

Oils Stirring

There was some stirring in the oils and a few issues were able to show some cautious demand but the oil group is about as moderately priced as any major one which is an oddity since this section was regarded for long as the principal anti-inflation hedge. Atlantic Refining was not too much in favor when the play was in producers of excess oil, or balanced, integrated marketing companies. Atlantic, however, has been building up its production toward the goal of self-sufficiency. In the markets, a drawback for Atlantic are the convertible debentures which, if exercised, could add up to a better than one-fifth dilution in the common. The stock, as a consequence, has been available at a satisfactory 4% yield, facing prospects of a good rebound in business as some of the problems evaporate during the year. Moreover, dilution of the common would not be imminent until the stock has risen a dozen points over recent levels.

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

Rejoins Kerr & Bell

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marie E. Schneider has rejoined the staff of Kerr & Bell, 210 West Seventh Street, members of the Pacific Coast Stock Exch. Miss Schneider has recently been with Akin-Lambert Co.

From Washington Ahead of the News

By CARLISLE BARGERON

It's discouraging to be a conservative in Washington these days. How does a man feel, for example, who for 15 years has fought the battle of business, to see the United States Chamber of Commerce having Senator Hubert Humphrey as one of its principal speakers at its annual meeting. Senator Humphrey stands for everything that the Chamber is against and vice versa. Two more antagonistic bodies could hardly have been gotten together. Sen. Humphrey is a candidate for President. His appearance before the Chamber tends to boost his stock. It is pretty hard to pin the tag of radicalism on a man who appears before one of the country's leading business organizations.

Carlisle Bargeron

I can tell you how a man of 15 years' friendliness for business feels about it. I ran into one. "Not since I have been in Washington," he said, "have I ever been invited to speak to the United States Chamber of Commerce. I am beginning to think that I have been on the wrong track." This particular Senator is an accomplished speaker and certainly his position in the Senate gives him an importance.

This is not an isolated case. Business organizations have a tendency to go to their enemies for speakers. The editors who are meeting in Washington soon have as their principal speaker the Cuban revolutionist, Fidel Castro. It hasn't yet been determined whether he is going to be friendly towards us or more friendly to Russia. He bids fair to be a Latin America's trouble maker. Yet these editors, without consulting the State Department, invited him to come here as their honored guest.

Several years ago these same editors invited to their meeting, as their chief speakers, a British and French journalist, who appeared with President Hoover. They devoted their whole address to heaping ridicule upon the President. Some of the editors were so incensed at this episode that they resigned from the editors' association.

One of the speakers who used to be most in demand was Earl Browder, the head of the Communist party in this country. He is now working the very profitable trade of consultant to American business. He is an expert on Russia.

Committees usually select the speaker for conventions, annual meetings, etc. and they strive to get something different. They sometimes seek a speaker who they think will shock his auditors. It makes for a good show.

Some of our most successful speakers and writers are reformed Communists. In the 40's they were whopping Communism up. Now they have recanted. It is more interesting to hear them, apparently, tell about the evils of Communism than it is to hear speakers who were against the Communists back when the going was tough.

The conservatives don't build up their speakers and writers the way the leftists do. They are more inclined to throw little favors towards the leftists.

The latter are well organized. They throw favors to each other and generally are advancing each other's welfare.

George Huberty With J. N. Russell & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — George Huberty, Jr., has become associated with J. N. Russell & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Huberty was formerly Manager of the trading department for Goodbody & Co. in Cleveland.

George Huberty, Jr.

Kieckhefer V. P. of Loewi & Co., Inc.

MILWAUKEE, Wis. — J. Victor Loewi, President of Loewi & Co., Incorporated, 225 East Mason St., members of the New York Stock Exchange, has announced the election of James F. Kieckhefer as a Vice-President.

Mr. Kieckhefer has recently joined the Loewi organization.

Since 1952 Mr. Kieckhefer has been associated with Goldman, Sachs & Co.'s Chicago Office. Previous to that he was with Nesco, Inc. in Milwaukee.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Preliminary figures on the fire-casualty insurance stocks are beginning to be released, and while the industry shows some improvement over the exceptionally bad underwriting year of 1957, they will not go down in the annals as a year to boast about. As on several earlier occasions, we warn that industry figures could be deceptive—deceptive in the sense that some companies, such as those affiliated with finance companies or those in other fields, often have the expense factor taken care of by the parent company, and hence are not representative of the rest of the industry.

Speaking generally, most fire carriers reported better results in 1958 than in 1957. In the casualty end of the industry the improvement was less apparent because results in the automobile liability line continued to be quite poor. A large group of companies, doing upward of three-quarters of the stock business that is done countrywide, showed an improvement of about 2½ percentage points in the loss ratio, according to data from Alfred M. Best Company. While probably this would not carry them out of the red so far as the combined loss and expense ratio was concerned, it did improve the picture considerably. Underwriting expenses were moderately lower, too, so the combined ratio brings us down to just a little above the break-even level.

This week we give the statutory underwriting results of a large group of companies, 1958 compared with 1957. Also the investment gains or losses for the two periods. Figures in thousands.

	Statutory Underwriting Result		Investment Gain or Loss	
	1957	1958	1957	1958
Aetna Casualty	—$8,459	+$ 853	—$12,583	+$44,542
Aetna Insurance	— 8,938	—1,468	— 3,090	+ 14,788
American Equit.	— 854	+ 45	— 1,873	+ 4,412
American Surety	— 5,266	—3,444	— 463	+ 6,264
Bankers & Ship.	— 900	— 197	— 1,158	+ 2,025
Camden Fire	— 842	— 696	— 631	+ 3,833
Continental Ins.	— 7,206	—3,140	—104,906	+ 68,188
Federal Insurance	+ 516	+3,996	— 5,834	+ 18,508
Fidelity & Deposit	+ 1,977	+1,585	— 2,352	+ 7,841
Fidelity Phenix	— 6,295	—4,703	— 38,895	+ 75,633
Glens Falls	— 3,780	—1,180	— 3,987	+ 10,728
Hartford Steam Bl.	+ 1,926	+ 699	— 1,272	+ 6,449
Insurance Co. N. A.	— 8,464	+ 143	— 46,441	+115,122
Jersey Insur.	— 578	— 126	— 713	+ 1,269
Merchants Fire	— 1,719	— 471	— 5,504	+ 11,855
National Fire	— 1,692	+ 969	— 1,690	+ 14,211
New Amsterdam C.	— 4,441	—3,824	— 2,119	+ 6,953
Northern Insur.	— 753	+ 12	— 3,916	+ 7,631
Seaboard Surety	+ 1,076	+ 958	— 1,217	+ 2,619
Security Insurance	— 894	+ 236	— 2,211	+ 222
Springfield F & M	— 4,838	— 958	— 2,365	+ 15,298
Maryland Casualty	— 8,627	—3,203	— 4,658	+ 15,454
National Union	— 2,700	—1,880	— 2,773	+ 7,100
North River Insur.	— 1,088	+ 45	— 3,387	+ 9,563
Pacific Insurance	— 1,026	— 224	— 1,790	+ 2,824
Phoenix Insurance	— 6,424	—9,205	— 11,074	+ 34,479
Prov.-Washington	— 1,008	— 460	— 418	+ 1,723
Republic, Dallas	— 56	+1,387	— 970	+ 3,440
St. Paul F & M	— 4,945	+1,268	— 1,885	+ 26,961
Standard Accident	— 7,430	—4,002	— 1,262	+ 4,340
U. S. Fid. & Guar.	—20,285	—1,179	— 9,005	+ 34,212
U. S. Fire	— 2,295	— 206	— 5,358	+ 15,683
Westchester Fire	— 1,332	— 15	— 2,962	+ 9,598
Reliance Insurance	— 3,522	—2,065	— 3,426	+ 12,231
American Insur.	—11,769	—1,796	— 8,570	+ 14,308
American Re-Ins.	— 90	+ 890	— 2,172	+ 5,901
Boston Insurance	— 3,650	—2,516	— 3,292	+ 8,010
Continental Cas.	— 2,024	+6,370	— 9,575	+ 40,210
Firemens Insur.	— 9,180	—9,336	— 10,540	+ 20,441
General Re-Ins.	+ 842	+1,196	— 2,047	+ 9,181
Hanover Insurance	— 3,395	—3,132	— 4,744	+ 5,598
Hartford Fire	— 3,939	—2,029	— 16,822	+ 78,616
Home Insurance	— 8,876	+ 121	— 33,437	+ 61,494
Mass. Bonding	— 357	—4,889	— 1,335	+ 3,460

This tabulation will supply a good cross-section of the industry results for 1958. True, it does not bring into the picture the investment income factor; but, as we pointed out about this, it is an average of, perhaps, 5% or 6% higher.

But it will be noted that there is hardly a handful of companies that, for 1958, showed plus marks in the statutory results column. As evidence that 1958 leaves much to be improved in underwriting, 61% of the above listed companies reported red ink in underwriting results for 1958; and much improvement in that department is still needed before we can rate the insurance companies as being out of the woods. Fortunately some companies have reported favorable turns in the 1958 second half (unfortunately not all companies issue half-yearly data), and in some cases the last quarter.

Turning to the "Change in Value of Assets" column, things are different. Here none of them reported gains for 1958, due, of course, to the sharp decline in values in both the stock and bond markets. But the turn for the better in securities prices enabled the companies to report sizable appreciations. Of course, not too much weight ought to be given to this column because it is so closely subject to the vagaries of the markets for securities. It can, and does, register sharp swings both plus and minus. It also affects liquidating values via surplus account.

It appears that the companies are slowly emerging from the very bad phase of the insurance industry's cycle. Underwriting-wise, it is somewhat slow.

Analysis of Nation's Bank Structure

Banking figures at the end of 1958 marked the ninth consecutive year for which deposits, capital accounts and total assets established new record highs. These and other significant facts are revealed by the Summary of United States Banks in the March 1959 Edition of Polk's Bank Directory, announced March 31.

Bank deposits on Dec. 31, 1958 were $254,843,846,476, up almost 8%. The corresponding figure for the end of 1957 was $236,465,261,399.

Capital accounts as of Dec. 31, 1958 were $23,367,084,431, an increase of 10%, as compared with $21,220,992,608 for Dec. 31, 1957. This represented a record-breaking amount in one year, the increase being $2,146,091,823.

The number of banks in the nation's banking system declined from 14,149 in 1957 to 14,075 in 1958. But branches continued their long-term growth trend, increasing from 8,556 to 9,177.

Comparative deposit figures for the entire banking system were as follows:

	1957	1958
Commercial Banks	$204,068,416,136	$219,357,439,102
Mutual Savings Banks	31,703,663,379	34,607,402,613
Other Banking Institutions	693,181,884	879,004,761
Total Deposits	$236,465,261,399	$254,843,846,476

The number of commercial banks in the new directory total 13,408 compared to 13,505 a year ago. The deposits in commercial banks were up 7.5% over 1957, or $15,289,022,966.

When classifying the commercial banks by deposit size, the group over $1 billion increased to 20 in 1958 from 18 in 1957. The banks with deposits of more than $1 billion had aggregate deposits of $60,372,439,363 at the end of 1958 compared with $54,340,773,353 at the end of 1957. Banks in this group have 27.52% of the total commercial bank deposits.

Banks in each of the various groupings from $3 million to $1 billion also showed an increase both in number and deposits. The aggregate number was 7,181 at the end of 1958 compared to 6,844 at the end of 1957. The deposits of the banks in these groups were $149,043,800,479 at the end of 1958 compared to $139,269,894,402 at the same time in 1957. The banks in these groups hold 67.95% of the total commercial bank deposits.

The 7,201 banks having deposits of more than $3 million hold 95.47% of the deposits of commercial banks. This is an increase of .6% over 1957 year end deposits.

Many small banks moved into higher groups. As a result, the only commercial bank groups showing a decline at the end of 1958 were those with less than $3 million in deposits. This category was reduced in number from 6,643 at the end of 1957 to 6,207 as of Dec. 31, 1958. Deposits of the banks with less than $3 million went down from $10,457,748,381 to $9,953,294,790.

Mutual savings banks numbered 519 and increased their deposits by 9.2% over 1957, or by $2,903,739,234. Non deposit banks and trust companies, along with "Other Banking Institutions" numbered 148.

Texas leads all states in number of banks with 977 and is followed by Illinois with 944, Pennsylvania with 744, Minnesota with 686 and Iowa with 670. In the number of banking offices, the State of New York leads with 1,931 of which 567 are banks and 1,364 branches, followed by California with 1,572 of which 126 are banks and 1,446 branches, Pennsylvania with 1,450 of which 744 are banks and 706 branches, Ohio with 1,149 of which 605 are banks and 544 branches and then Texas with its 977 head office banks, where state law prohibits branch banking. Nevada has the fewest number of banks with six, but Alaska has the fewest number of banking locations with 29 of which 18 are banks and 11 branches.

The March 1959 issue of Polk's Bank Directory is the 129th Edition of this semi-annual publication. It contains more than 3,000 pages. In addition to United States banks, it lists information on all banks and their branches known to be in existence throughout the free world.

NY Dealers Dinner Most Successful

The 33rd annual dinner of the New York Security Dealers Association held April 3 at the Waldorf-Astoria was a most successful event, with over 460 members and guests in attendance.

George A. Searight

George A. Searight, Searight, Ahalt & O'Connor, Inc., was Chairman of the dinner committee.

Pictures taken at the dinner appear in a special insert in today's "Chronicle."

S. L. Joseph, Partner In Wineman, Weiss

Stephen L. Joseph, associated for many years with Bache & Co., where he was Manager of the Research and Investment Supervisory Department, has joined Wineman, Weiss & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as a general partner.

In his new association, Mr. Joseph will be partner in charge of research and will also assist the firm in extending its institutional supervisory and general sales activities.

W. E. Tague Opens

W. Edward Tague is engaging in a securities business from offices at 165 Broadway, New York City, under the firm name of W. Edward Tague & Co. Mr. Tague was formerly with Rockefeller, Williams & Co.

Remedying Unstable Areas in The Labor-Management Field

By HON. JOHN L. McCLELLAN*
United States Senator (D., Ark.)

Country's foremost authority on the unsavory aspects of labor-management relations summarizes the highlights of his bill to correct many of the conditions uncovered in the well-documented McClellan hearings. The author of the remedial bill declares the proposed remedies are not too drastic and, in explaining what else has to be done, briefly reviews four other bills of his dealing with employer coercion, "hot-cargo" clauses, "no-man's-land" of jurisdiction, and organization and recognitional picketing.

The instability or lack of integrity prevalent today in labor-management relations in this country is appalling. The disclosures made and practices revealed in the course of two years of investigations by the Senate Select Committee are so sordid and vicious that they have shocked the national conscience.

John L. McClellan

The task of this committee has been enormous; it has been arduous, difficult, and at time unpleasant to perform. We have had to deal constantly with people of low character or no character at all. We have had to deal with the worst kind of manipulators and conspirators (both in labor and in management), with crooks, hoodlums, thieves, extortionists, and murderers.

In trying to develop the truth and get the facts, we have met with many hindrances and efforts at obstruction. We are repeatedly faced with perjurors, Fifth Amendment artists, and "forgetfulness experts." Out of more than 1200 witnesses examined during 225 days of public hearings, over 200 of them invoked the privilege against self-incrimination. Quite a number of witnesses who have appeared before us are among the Goliaths of underworld characters and organized crime.

Recites the Record

The exposures we have made include:

(1) The misuse and pilfering of union, welfare, and pension funds;

(2) Collusion, extortion, and bribery;

(3) Violence, injury to persons and property, threats to employers, employees, union members, and members of their families;

(4) The keeping of fraudulent financial records and the wilful destruction of records to cover up theft and embezzlement;

(5) Denying union members the right to vote—rigging elections—calling strikes, and making sweetheart-contracts without knowledge or approval of union members;

(6) Placing unions in trusteeship unjustifiably and indefinitely, and appointing unreformed ex-convicts and known criminals to manage and operate such trusteeships;

(7) Organizational picketing to coerce and compel a union shop, secondary boycotts, hot cargo contracts; and

(8) Other acts that are in restraint of trade and a hindrance to commerce.

Many of these evils are outrageously cruel, corrupt and contemptible. That criminal elements, gangsters and racketeers have infiltrated unions and businesses in many areas and to an alarming degree has been definitely established.

These unwholesome practices must be corrected. Labor cannot clean its own house. They must be dealt with by law. It is the duty of Congress to enact remedial legislation.

Explains Remedial Bill

Accordingly, I have introduced a bill (S. 1137) to correct many of these conditions. If enacted and properly administered, it will go far towards the elimination of racketeering, corruption, and the abuses of membership rights. It sets up minimum standards of ethical conduct and democratic processes for the protection of union members. It would require full reporting and disclosure of union business, financial transactions in which abuses of trust or authority, conflicts of interest, or other improper activities might occur. It would also regulate the imposition of trusteeships on local unions.

Title One, the heart of the bill, defines the basic individual and collective rights of union members and provides minimum standards and requirements to safeguard and protect them. Among the rights guaranteed are equal protection of the members under prescribed rules and regulations; freedom of speech and assembly; free and fair elections; protection against arbitrary financial exactions, and against improper disciplinary actions; and the right of union members to bring suit against the union or any officer thereof in cases of breach of trust or failure to observe and enforce the rights of members as prescribed by law.

In addition to the rights of individual members to sue, other enforcement remedies are given to the Secretary of Labor. Many criminal penalties are provided, including penalties for the use of force, violence, threats, coercion, or intimidation to prevent union members from exercising and receiving the basic rights guaranteed to them by the provisions of the Act.

It is my position that all unions should be required to comply with and conform to, at least, certain basic minimum standards; and any union that fails or refuses to do so should be declared ineligible to serve as a bargaining representative of employees and denied the right to file and process unfair labor practice charges before the NLRB; and, further, they should also be denied the Federal income tax immunity now granted to them by law. I have so provided in my bill.

Denies Remedies Are Too Drastic

It is charged by some that these remedies are too drastic — that they are punitive in nature. But I submit that they are not drastic; they are preventive. They are not punitive; they are protective. No legitimate union properly administered by honest and decent officials would be penalized to any extent or degree whatsoever. If these provisions are enacted into law, however, the power and opportunity of crooked labor bosses and criminal elements to continue the abuse and exploitation of union members and working people in this country will be substantially curbed and reduced.

I maintain that there is absolutely nothing in the bill that is adverse or detrimental to the best interests and welfare of union members and their families. Everything in it is needed and required for their security and protection.

The bill I have been discussing will not do the full legislative job that is needed to remedy unwholesome conditions that now prevail in the labor-management field. It is not intended to do so. Other measures are necessary, and I shall introduce four more bills dealing with other aspects of the problem.

Existing laws are inadequate to protect innocent parties from secondary boycott abuses. I propose to amend the Taft-Hartley Act to prevent certain types of coercion of the employer and particularly to prohibit coercion by picketing at the premises of the secondary employer in order to prevent customers from doing business with the employer that may be involved in a labor dispute. Such practices are unjust and impose suffering and hardship on the innocent and those who are helpless to do anything about it.

I shall also seek to outlaw "hot cargo" clauses in collective bargaining contracts. They are, in practical effect, another form of boycott that should not be tolerated or sanctioned by law. Again the innocent are made the victims. There can be no equitable justification for this form of boycott.

I shall also undertake in one of these measures to deal with the perplexing jurisdictional "no-man's-land" problem. My bill will require the NLRB to accept jurisdiction, and where it fails to do so parties to a dispute will be at liberty to pursue remedies available to them under state laws and in the courts of the several states.

My fourth bill will prohibit organization and recognitional picketing. Great abuses have occurred in this area. I do not believe that any employer or plant should be picketed until a majority of the employees, either in a NLRB election or by a majority petition to the employer, have selected a designated union as their bargaining representative.

Everyone agrees that "shakedown" picketing should be prevented, and so should "top-down organizing." This means too often has been employed by crooks, gangsters, and racketeers under the cloak of unionism to shake down employers and extort money from them. It has also been used to compel the employer to place his employees in a union, either against their will or without their knowledge and consent. This tactic is often used also to secure a "sweetheart" contract, one that does little or nothing for employees but from which the crooked labor official and the employer benefit. This type of coercion and economic pressure is indefensible. It must be outlawed.

*From a talk by Sen. McClellan before the Economic Club of New York, N. Y. City, March 9, 1959.

American Tr. Sponsor Financial Forum

The American Trust Company of New York is conducting a financial forum for women entitled "Financial Fair" designed to acquaint them with the fundamentals of banking, investments, loans, trusts, insurance etc. The program will consist of three meetings to be held April 9th, 16th and 30th at the Theodore Roosevelt High School, Bronx, N. Y. Registrations to attend the sessions should be made with Mrs. Jeannette L. Robbins, American Trust Company, 301 East Fordham Road, New York 58, N. Y.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

It is evident that the banks continue to make switches from the low coupon government bonds, whenever the opportunity is presented, in order to put these funds into the higher interest bearing bonds, since this is a "loss year" as far as they are concerned. This procedure is expected to be followed by the institutions for the balance of the year, so that there will be a certain amount of swaps that will be made from time to time but no great effect is looked for on quotations of these securities. It is the belief of not a few money market followers that long-term governments will stay in a restricted range as long as the Treasury will be in the market, which appears to be for a long time to come.

The demand for short-term issues is still very large and it looks as though the Treasury is going to take advantage of this condition by offering more of the long dated bills for both refunding and new money purposes.

Near-Term Issues in Good Demand

The market for government issues continues to move in a very narrow range, because there is no important change in the demand for these obligations. The near-term issues, which make up the money market phase of the picture, are finding a sizable demand because there is still an ample supply of funds available for investment in the most liquid government securities. The new money raising discount issue, the long Treasury bills, continues to sift through from the deposit banks who were the original underwriters into the hands of the final owners such as corporations and other institutional investors, the ultimate investor. In this manner the government is able to finance a sizable part of its deficit and at the same time not increase the money supply or deposits to any considerable extent.

Increased Use of Discount Bills Indicated

In the opinion of not a few money market specialists the Treasury has adopted a new financing policy in the offering of long dated bills, which will be used more in the future for the raising of new money as well as the refunding of issues as they come due. It is believed in many quarters that the Treasury will use these discount obligations so that the attrition will be lessened and, at the same time, it will be relieved of the responsibility of selling an issue with a set rate that could decline in price with any tightening in interest rates. Also, the continued use of the long dated Treasury bill, which might run as long as a year, probably means less use of certificates and notes in future refunding and new money raising operations.

It is evident that most institutions prefer Treasury bills on a discount basis that show no losses, to other short-term issues such as certificates, which have gone to a discount after being offered. It may be that the Treasury in making use of long bills is endeavoring to place our short-term money market on a basis similar to the London discount market, so that the government bond dealers and the commercial banks here will act as underwriters of government offerings, with the securities eventually finding a home with the ultimate investor.

This wider demand for Treasury bills will be a favorable development for the money market as a whole and, since the Federal Reserve Banks in their "open market" operations are concerned only with Treasury bills, there will be more of these securities for them to work with. To be sure, during periods of tightening money rates there will be greater pressure on Treasury bills, whereas when the money market is being loosened, there will be a larger demand for these securities because of the operations of the Central Banks.

Price Ceiling on Long Bonds Probable

The recent new money raising venture of the Treasury in which $500,000,000 of money was obtained on a ten-year maturity seems to indicate to quite a few money market followers that the government will take advantage of every opportunity, whether it be for refunding or new fund raising, to obtain some money no matter how small it may be with a long maturity obligation. This means that until the Treasury is out of the market, which will come only with the balancing of the budget—a remote possibility for some time at least—the offering of long-term government bonds will put a ceiling on price of these issues.

It is evident that when the market for government bonds creates a climate which is favorable to certain of these long-term securities and quotations go up, the Treasury will come along with an offering which will most certainly take care of this demand.

Chase Manhattan Appoints Two V.-Ps.

The appointments of Floyd M. Brown and William F. Feeney as Vice-Presidents of The Chase Manhattan Bank were announced by George Champion, President. Both are at the bank's head office, 18 Pine Street, New York City, Mr. Brown in the real estate and mortgage loan department and Mr. Feeney in the bank operations department in charge of check processing.

Mr. Brown joined the Chase National Bank in 1926, was appointed an Assistant Cashier in 1950, and was promoted to Assistant Vice-President in 1955, the year Chase merged with Bank of Manhattan.

Mr. Feeney, joining Chase National in 1920, was appointed an Assistant Cashier in 1947 and advanced to Assistant Vice-President in 1956.

Manley, Bennett Office

BLOOMFIELD HILLS, Mich.—Manley, Bennett & Company, members of the New York and Detroit Stock Exchanges, has announced the opening of an office in the Barbour Building, under the management of Edward T. Bennett, Jr. and Frederick J. Zoellin, partners in the firm.

Foster & Marshall Add

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — John R. Petersen is now with Foster & Marshall, Southwest Sixth Avenue at Oak Street.

Public Utility Securities

By KENNETH HOLLISTER*

Lone Star Gas Company

This combination natural gas distribution and production company serves a growing area of northern Texas and southern Oklahoma. In recent years population growth has been well above average and industrial expansion in the area has been both extensive and diverse. Among the more important industries in the area served by Lone Star Gas Co. are oil and gas production and processing, chemical and petrochemical manufacturing, textile mills, and facilities for the manufacture of furniture, paper and paper products. The area is endowed with many raw materials which also have contributed to overall growth.

Practically all of the 728,000 residential customers now use gas for heating and other household purposes. The company has been adding approximately 20,000 customers per year in this category and there are excellent prospects for a continuation of past experience. Revenues from these customers account for slightly more than half of total natural gas revenues of $94 million. Direct industrial sales of $16.5 million last year accounted for 18% of total revenues, commercial sales 11%, sales for boiler fuel for electric generation 7% and the remainder was derived from sales to other utilities and field sales.

In addition to sales of natural gas which provide 83% of total revenues the company derived 8% from sales of oil; 7% from sales of gasoline and 2% from sales of liquefied petroleum gas. Revenues from crude oil sales declined almost 8% because of stringent pro-ration by the Texas regulatory authorities. Gasoline sales improved 7% reflecting enlargement and modernization of the company's gasoline plant, and revenues from liquefied petroleum gas rose 2% as unit prices increased.

Because of the past dependence of the company on new home construction a vigorous new product promotion campaign has been undertaken. During the past year the program has been quite successful, especially in the area of decorative gas lights. In one year the company sold over 12,000 of these lights which generally burn 24 hours per day during the entire year. Another source of growth, but one which is only starting, is the use of central gas air-conditioning. At the present time, the company has over 600 units installed in residential and commercial establishments. With Arkla-Servel now promoting gas air-conditioners on an industry wide basis the company expects that the market will expand materially over the coming several years. In addition to providing greater sales gas air-conditioning would provide a further advantage in increasing the load factor for the system by using gas at a time when demand is at its lowest point.

During recent years the company has expended between $15-$20 million per year on construction of new facilities. For the coming year, however, expenditures will be reduced to about $10 million. Financing probably will be obtained through temporary bank loans and no securities are expected to be sold this year. At the end of 1958 the company had maintained its conservative capital ratios of 52% debt (including bank loans), 5% convertible preferred stock and 43% common stock and surplus. Total capitalization was approximately $276 million.

The company's gas reserve position materially improved last year both as a result of new purchase and discoveries by the subsidiary, Lone Star Producing Company. At the present time the gas supply of the system is quite strong and total gas reserves approximate 3,222 billion cubic feet, of which the producing subsidiary own some 967 billion cubic feet. The producing company also has some additional reserves which are being sold to non-affiliated companies. Exploratory drilling during the past year was moderately successful even though there was a 39% decrease in the number of wildcat wells drilled. The company drilled 21 exploratory wells of which 13 were successfully completed and 10 of these appeared to justify additional development work. During the past year the production subsidiary had a net working interest in 94.8 wells of which 28.6 were completed as oil wells, 51.6 as gas wells and 14.6 dry holes. During the year acquisitions of additional acreage increased total holdings to 580,984 acres of undeveloped leases, a net increase of 20% over the previous year. In addition the company owned 142,964 developed acres and had net working ownership in 442 gas wells and 441 oil wells. Work has continue on development of the company's underground storage fields which now have a gross capacity of 53 billion cubic feet of gas. During the past year 17.4 billion cubic feet were injected into the underground reserves and 6.9 billion cubic feet were withdrawn.

Reflecting higher gas purchase prices and the decline in oil revenues, earnings for 1958 were $2.26 on average share compared with $2.32 for the previous year. Before adjusting for conversion of the outstanding preferred stock, earnings for 1959 are expected to be in the neighborhood of $2.50 ($2.40 fully converted). The improvement reflects natural gas rate increases that are being negotiated with the company's industrial customers, an anticipated higher level of oil operations and additional sales of natural gas to an electric power company that are to begin this year. These new sales combined with area growth should combine to provide a basis for a longer term advance in earnings. Also, assuming the recent mandatory import quotas on crude oil result in continued firmness of domestic prices, earnings from this portion of the business should be able to increase moderately.

Currently selling at about 43, these shares are valued at 19.5 times latest report of earnings. The $1.80 annual dividend yields 4.2%. At this level the issue appears to have slightly better than average attraction in the gas utility field and has an extra added plus factor in its extensive oil and gas reserves.

*Substituting for Owen Ely.

N. Y. S. E. to Compel Proxy Solicitation

Failure to do so may result in delisting, Mr. Funston warns. Exchange also poses questions regarding customer investing activities.

Keith Funston, President of the New York Stock Exchange, on April 3 announced that the Board of Governors had approved a broad program to strengthen stockholder rights. It calls, among other things, for mandatory solicitation of proxies.

G. Keith Funston

"In a day of broader share-ownership," Mr. Funston said, "it is essential that stockholders in all publicly owned corporations have the right to cast their vote, easily and conveniently, in the affairs of their companies. And they must have adequate information on which to base their decisions."

Mr. Funston outlined these specifics of the Exchange's program:

(1) All actively operating companies with common stock listed on the Exchange which do not now solicit proxies will be notified that unless they start such solicitation on or before Dec. 31, 1961, and agree to continue soliciting proxies after that date, the Board will consider delisting the company's common stock.

There are now 28 active companies on the Exchange which do not solicit proxies.

Mr. Funston noted that the term "actively operating" excludes nine railroad companies operated under lease and two companies operated by trustees.

(2) Any other actively operating company which hereafter gives up the solicitation of proxies will be given until Dec. 31, 1960, or one year from the date of failure to solicit, whichever is later, to agree to future solicitation. Failure to meet this requirement will prompt the Board to consider delisting.

(3) An agreement to solicit proxies will continue to be an absolute requirement for *all* original listing applications and in the future will also apply to all other listing applications as well.

An exception to the above policies will be made when applicable law precludes or makes virtually impossible the solicitation of proxies in the United States by a listed company.

A proxy is, in effect, a power of attorney by which a stockholder delegates to another person the authority to cast his vote. The rules of the Securities and Exchange Commission hold that when a listed company does solicit proxies, the company must supply the stockholder with full information. However, there is no SEC requirement that a proxy must be solicited.

Questions for Member Firms on Customers' Investing Activities

The Exchange has also propounded the following list of questions for the managing partner of a member firm to consider with respect to the buying activities of customers:

"(1) Which partner, in our firm, is charged with the broad daily review of the business we are doing for customers' accounts?

"(2) Who is responsible for making certain that we 'know' our new customers and their financial objectives? Have our new accounts adhered to the principles we have laid down as firm policy?

"(3) When did we last have a meeting of partners and registered representatives to discuss what steps to take about the purchase of securities of greater than normal risk? What steps should be taken when the customer is unconcerned either about the type of security involved or his ability to assume the risk?

"(4) Has there been any recent significant change in the relative percentage amount of customer business we have done on the New York Stock Exchange, other exchanges, over-the-counter, in mutual funds?

"(5) Has there been any significant change in the price level of securities purchased? Is there an accent on low priced securities, merely because they are low priced?

"(6) Is there any significant change in our ratio of cash and margin business?

"(7) What has been the recent typical conversational trend in our firm's offices on the part of our customers and on the part of our registered representatives?

"(8) Is the appearance and atmosphere of our offices and the conduct of our customers conducive to deliberate investment decisions?

"(9) Who is responsible for watching the SEC 'blacklist' and other cautionary publications to make certain that such stocks are not knowingly handled by us?

"(10) Is our output of information about securities — both in writing and over the telephone — the best for the long-term future of our firm? Are we diligently checking the facts we present? Are the approaches our registered representatives are making to customers being reviewed from time to time?"

Joins Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Claiborne M. Sanders has joined the staff of E. F. Hutton & Co., 160 Montgomery Street.

SOUTHERN RAILWAY COMPANY

Sixty-Fifth Annual Report for the Year Ended December 31, 1958

April 6, 1959.

To the Stockholders of

SOUTHERN RAILWAY COMPANY:

Your Company's performance in 1958 compared very favorably with that of many other railroads and other major industries. Our ability to control expenses was gratifying in view of the fact that 1958 was a year during which our wage and other costs continued to rise while the level of general business activity was depressed.

Earnings for the last quarter of 1958 showed an encouraging improvement over previous quarters. Given a continued rise in business generally, without major strikes in industry, and without loss from any unforeseen difficulties, I am hopeful that the results for 1959 will compare favorably with some of our better years of the past.

We cannot look ahead without again viewing optimistically the surging industrial development occurring along our System lines. It still is one of our brightest hopes for the future growth of your Company. In 1958, a creditable showing was made in this respect, and is described in this report. The outlook for the current year is promising.

The establishment and expansion of coal-burning generating plants producing electric power for industry is of particular significance along our lines. Our gross revenues from the movement of coal were approximately $28 million in 1958 as compared with $26.2 million in 1957, thus making coal our largest single revenue producer. There is every reason to expect a continued growth in this movement.

Your Company reaffirms its determination not to increase any freight rate where doing so would reduce net income. We also will go ahead with our efforts to attract additional traffic by endeavoring to offer reduced rates when this is both advisable and possible. It is noteworthy that this position which Southern adopted several years ago is being accepted more and more in the industry.

Our Directors join me in expressing warm appreciation to our customers, our stockholders and our employees for their loyal support and understanding. The continuance of such loyalty and understanding will add to our strength to meet the many challenges of the future.

Sincerely,

HARRY A. DEBUTTS,
President.

REVIEW OF 1958

Net Income

After all charges Southern earned $30,254,231 in 1958.

Net income for each of the past five years, and equivalent earnings per share of Common Stock—computed after provision of $3,000,000 each year as dividends on Preferred Stock—were:

	Net Income After Taxes and Charges	Earnings Per Share of Common Stock After Preferred Stock Dividends
1954	$26,262,681	$3.58
1955	37,993,249	5.39
1956	38,871,606	5.52
1957	34,066,710	4.78
1958	30,254,231	4.20

Revenues

Operating revenues in 1958 were $256,334,177, or $10,511,973 less than in 1957, a decline of 3.9%. Freight revenues amounted to $225,045,711, passenger revenues to $11,603,916, mail revenues to $11,069,197. Business handled in 1958 as compared with 1957 and the average of the five years, 1954-58, is shown in the following table:

Business Handled

	1958	1957	Average 1954-58
Tons of freight moved	60,766,228	63,749,000	63,895,403
Average distance moved	226 miles	226 miles	226 miles
Ton miles	13.8 billion	14.4 billion	14.4 billion
Average revenue per ton mile	1.636 cents	1.622 cents	1.599 cents
Number of passengers	1,272,405	1,427,967	1,697,594
Average journey	295 miles	300 miles	278 miles
Passenger miles	375 million	428 million	471 million
Average revenue per passenger mile	3.092 cents	3.191 cents	2.966 cents

Operating Expenses

Although hourly wage rates and costs of material were again increased, operating expenses for the year were reduced by $4,494,638, or 2.4% below 1957 without reduction in necessary maintenance.

Taxes

Railway tax accruals for 1958 were $27,030,256, a decrease of $3,923,412, or 12.7% from the previous year.

Tax accruals were equivalent to 10.6¢ out of each dollar of gross revenue, of which 4¢ represented federal income tax accruals. Taxes for 1958 amounted to $4.17 per share of Common Stock as compared with net earnings of $4.20 per share after charges, taxes and preferred dividends.

Rapid amortization on certain capital investments made in aid of national defense, while not chargeable to depreciation under Interstate Commerce Commission accounting classifications, was allowable in computing federal income taxes. For 1958, the difference between the book and tax figures amounts, in taxes, to 60¢ per share of Common Stock as compared with 73¢ in 1957.

Net Railway Operating Income

Net railway operating income for 1958 was $37,476,162, or 7.5% under the $40,530,797 for 1957. This represents what was left of operating revenues after deduction of all operating expenses, taxes and equipment and joint facility rents, but before payment of interest and other fixed charges.

Ratios

The ratios for 1958 for the several subdivisions of operating expenses, taxes and equipment and joint facility rents, expressed in the number of cents out of each dollar of revenue, are shown in this table with corresponding ratios for 1957 and for the average for the five years, 1954-58:

	1958	1957	Average 1954-58
Transportation	32.9	32.5	31.7
Maintenance of Way	14.5	13.7	13.7
Maintenance of Equipment	17.3	17.6	17.3
Traffic Expenses	2.3	2.2	2.0
General Expenses	5.0	4.9	4.3
Incidental Expenses	0.6	0.6	0.7
Totals	72.6	71.4	69.7
Taxes	10.6	11.6	12.8
Equipment and Joint Facility Rents	2.2	1.8	1.9
Grand Totals	85.4	84.8	84.4

Fixed charges in 1958 were covered 3.56 times as compared with 3.98 times in 1957 and 3.67 times on the average for the period 1954-58.

There remained for fixed charges, for maturities of debt, for capital and corporate needs and for the owners 14.6¢ out of each dollar of 1958 operating revenues, as compared with 15.2¢ in 1957 and 8.0¢ for Class I railroads in 1958.

Dividends

During 1958, dividends of 5% on the Preferred Stock were continued in the total amount of $3,000,000.

Dividends of 70¢ per share were declared on the Common Stock and paid for each quarter of 1958, bringing the total dividends paid in 1958 to $21,119,892.

A further dividend of 70¢ per share was declared on the Common Stock on January 27, 1959, out of surplus net earnings of 1958. This dividend was paid March 13, 1959, to stockholders of record February 13, 1959.

Operations

Operations were conducted with continued economy and efficiency in 1958. The recognized indices of performance show that the Company compares favorably with the leaders of the railroad industry.

The proportion of gross revenues carried through to net railway operating income before federal income taxes amounted to 18.6% in 1958, as compared with 20.2% in 1957 and 10.5% for Class I Railroads in 1958.

Industrial Development

During 1958 an investment of $344,082,880 was made along our System lines in new and expanded industrial plants, all of which were either under construction or in operation at the year's end. Primary metals and metal-working led all other industrial categories, followed by pulp and paper, electric power generating facilities, chemicals, food and beverages, and building materials.

There were 114 new plants located, 75 large distribution warehouses established, and major expansions undertaken by 146 existing companies, with new jobs created for 14,800 workers. Total number of projects exceeded those of 1957 by 31%. Additional System revenue from all developments is estimated at $7,734,000.

Highlighting the progress made in basic and intermediate type industries are new plants to produce fiber glass, nickel, cobalt and ammonium sulphate; and substantial expansions of existing aluminum and pulpboard production.

There was a more marked expansion in the finished and consumer goods industries. The number and type of these processing plants, utilizing raw materials and the basic or semi-finished products manufactured by other southern plants, continues to increase from year to year. Outstanding growth was made in metal fabrication, paper products, food products, and building materials. The metal fabricators and paper converters are relatively small operations but prominent among the latter two groups are new plants to produce canned baby foods and wallboard.

Coal

Coal continues to be the largest single movement over the railway, producing 12.1% of the 1958 gross revenues. During 1958, a large and continuing movement to a generating plant and to a large cement plant, both in Florida, was developed. Rates have been, and are being, adjusted where necessary to keep coal competitive with other types of fuel, and to insure is continued movement by rail.

Generation of electricity is the predominant use of the coal moving over the Company's lines. Because of increased generating capacity brought into service during the year, revenue from this movement showed an improvement in 1958 as compared with 1957, in spite of the reduced level of business activity in the first half. This result was in contrast with the movement of this traffic on other roads which suffered a sharp reduction in export coal.

The future generation of electricity will depend increasingly on coal. The Company may therefore expect further growth in this traffic to the expanding utility market in the Southeast.

Rates and Fares

During 1958, the Company benefited from the selective increases in rates filed with the Interstate Commerce Commission effective February 15, 1958, as referred to in last year's report. By decision dated September 9, 1958, the Commission entered its final order in this proceeding approving substantially all of the increases sought by the railroads.

The Company's policy of not increasing any freight rate where doing so would price it out of the market and reduce its net income has met with continuing favor by shippers—and has been widely adopted by other railroads. The Company will continue to press actively for reduction in rates on selected commodities where such reductions are necessary to meet competition of other transportation agencies and where such lower rates are expected to add to the Company's income. At the same time, increased costs of operation may require some increased charges for the service.

Capital Improvements

Improvements to the Company's plant continued to be made through the expenditure of substantial funds for new and modern facilities. The new Inman Yard at Atlanta, Georgia, was brought into service at a cost of $3,206,000 during the year bringing the total cost of this project as of December 31, 1958, to $15,949,800. This, with other improvement work added $12,868,000, gross, to the road property account in 1958.

New Equipment

During 1958, the Company received and put into service—

92—70-ton Hopper Coal Cars

29—70-ton Airslide Covered Hopper Cars

costing $1,246,428, of which $132,560 was paid from the Company's treasury. The remainder was financed through

SOUTHERN RAILWAY (Continued)

a Conditional Sale Agreement. The amount of $1,357,506 was spent for additions and betterments to equipment and for railway vehicles. Thus gross charges to the capital account for equipment were $2,603,934 in 1958.

Although the Company has fulfilled its present needs for new equipment, a study of future needs is now under way and additional equipment will be purchased when required.

Investment by the Company and its affiliates in freight cars since World War II has reached the gross amount of $170,000,000. During this period the tonnage capacity of the System's entire ownership of freight cars has been increased from 2,488,080 to 2,967,085, a 19.3% increase. The average age of the equipment on hand at the end of the year was 16.1 years as compared with over 19 years for Class I railroads.

Equipment Obligations

Equipment obligations outstanding at the end of the year amounted to $72,063,337 as compared with $82,716,409 at the end of 1957 and $75,513,255 at the end of 1956.

Installments of equipment debt payments due in 1959 are estimated to be $9,219,591. This will be more than offset—as to the effect on cash—by depreciation, exclusive of rapid amortization, chargeable to operating expenses in the amount of approximately $15,138,000.

New Rail

During 1958, 29,622 net tons of new rail were laid as compared with 33,640 net tons in 1957 and 35,499 net tons on the average over the past five-year period 1954 to 1958 inclusive. The Company has ordered 26,723 net tons of new rail for the year 1959.

Use in 1958 of the Company's Financial Resources

In addition to meeting all of its current expenses, taxes and fixed payments, the Company paid during the year from its treasury cash for capital improvements to road and structures, $12,619,530. For equipment there was spent $12,509,355, consisting of $10,653,072 of equipment obligation installments, and $1,856,283 for new equipment and additions and betterments to equipment. Combined, these capital expenditures from treasury cash came to $25,128,885 in 1958, compared with $32,676,162 in 1957 and $30,533,240 in 1956. Cash dividend payments in 1958 were $21,119,892 as compared with $21,174,800 in 1957 and $17,528,858 on the average over the past five years.

Collateral Trust Bonds

The Company's offer in July of 1958 of its 30-year Collateral Trust 4½% Bonds in the amount of $22,000,000, secured by an equal amount of its First Consolidated Mortgage Bonds which had been held in its treasury, was well received. The bonds were quickly disposed of by the successful bidding group headed by Morgan Stanley & Co., at a net interest cost to the Company of 4.57%.

After all payments, and including the receipts from the sale of the Collateral Trust Bonds mentioned next above, the Company had in cash and temporary cash investments $60,574,000 at the end of the year.

Net Funded Debt and Fixed Charges

The Company's fixed charges, as defined by the Interstate Commerce Commission (less charges on the Company's bonds held by a subsidiary and income from securities of its Leasehold Estates owned by the Company), were at the annual rate of approximately $11,317,000 on December 31, 1958, as compared with $10,332,000 at the end of 1957, and $11,277,200 on the average over the past five years.

The current net fixed charges are equivalent to 4.4% of the 1958 gross revenues, as compared with 3.9% in 1957 and 4.3% on the average over the five years 1954-58.

The funded debt of the Company outstanding in the hands of the public at December 31, 1958, amounted to $144,099,500 as compared with $124,012,500 at the end of 1957. Payments and accruals for interest, rent for leased lines, Equipment Obligation maturities and Sinking Fund payments to be provided in the year 1959 amount to approximately $22,100,000 as compared with $23,450,000 for the year 1958 and $22,826,300 on the average for the years 1954-58.

OF GENERAL INTEREST TO THE STOCKHOLDERS

New Member of Board of Directors

At the annual meeting of the stockholders in May, George Champion, President and Director of The Chase Manhattan Bank in New York, was elected a Director of Southern Railway Company. A native of Illinois and a graduate of Dartmouth College, Mr. Champion began his banking career in 1926 with the National Bank of Commerce in New York. He served for a time as Vice President of the Canal Bank and Trust Company at New Orleans and for many years has been active in the management of the activities of The Chase Manhattan Bank in the South. Mr. Champion is a Director of American Smelting and Refining Company, the Discount Corporation of New York and the Travelers Insurance Companies.

Camp Lejeune Railroad Company

On August 21, 1958, the Camp Lejeune Railroad Company filed its application with the Interstate Commerce Commission for permission to lease and operate, as a wholly owned subsidiary of Southern Railway Company, the Marine Corps Railroad, constructed and owned by the United States Government, which runs from Havelock to Jacksonville, North Carolina. This railroad connects with the A&EC, also wholly owned by Southern, at Havelock.

In December, 1958, hearings were held on this application and the matter is now pending before the Commission's Examiner.

Florida East Coast

The Company's interest in the reorganization of the Florida East Coast Railway Company as an independently operated railroad continues. The matter is proceeding favorably before the Commission and the Courts.

On April 18, 1958, an Interstate Commerce Commission Examiner submitted his proposed report in this case. His report recommended approval of the St. Joe Paper Company Plan (which the Company supported), with several modifications. In its report of November 3, 1958, the Commission approved the Examiner's report with certain changes, which were acceptable to the Company.

Express Rates

The application of the Railway Express Agency for a 15% increase in express rates, as reported last year, was granted by the Interstate Commerce Commission, with certain exceptions, in Ex Parte 210 and became effective November 11, 1958. To offset additional expenses incurred since the petition in that proceeding was filed, the Railway Express Agency filed with the Interstate Commerce Commission tariffs seeking a further increase of 3½% in less than carload rates and charges to become effective January 1, 1959. These tariffs were suspended in I&S Docket 7095, pending investigation.

Labor Relations

During the year 1958, under provisions of the 1956 three-year term wage agreements, with employees represented by labor organizations, the third and final increase of 7¢ per hour in base rates of pay became effective November 1. This resulted in increased payroll cost of approximately $2,603,833 per annum. Under the escalator provisions of the agreements, the employees received cost-of-living wage increases of 4¢ per hour effective May 1, 1958 and 1¢ per hour effective November 1, 1958, which resulted in increased payroll cost of approximatly $1,879,703 per annum.

Southern's Electronic Computer

The Company has continued and expanded the use of its electronic computer—the IBM 705 Model II—the first in business use anywhere.

In addition to the accounting work on freight and passenger revenues, the processing of payroll and dividend payments and stockholder records, operating work in connection with freight car distribution and car per diem settlements, maintenance and other record-keeping is accomplished on the electronic computer in the most modern, efficient and economical manner. Many new reports are now available to operating and traffic management which were not previously feasible because they were too expensive to prepare, or not obtainable in time to be of current use.

Another first in the railroad industry has been accomplished with the culmination of arrangements for the exchange of railroad revenue data on magnetic tape in computer language between the Southern, the Illinois Central and the Union Pacific, the first three railroads in the United States equipped with this large-scale electronic computer. The intricate job of accounting for the division of freight revenue by one railroad and the audit of the settlement by the other will be accomplished by Southern's computer "talking" with the others, the medium of exchange being magnetic tape plus, of course, pieces of paper—the checks with which the cash settlements are made.

Advertising and Public Relations

The objectives of the Company's advertising and public relations program are: To help build business for the railway and to create greater understanding and support, both within and outside our organization, of the Company's activities, accomplishments and aspirations.

As a part of this effort, Southern continued to use effectively in 1958 its well established advertising program. Our *"Look Ahead—Look South"* campaign, appearing in national business magazines and selected financial and other newspapers, continued to "sell" the young, fast-growing South as America's industrial opportunity-land now and in the years ahead. Other advertising, based on the theme "We want your freight in '58," was placed in shipper publications to reach and influence the freight traffic buyers who are the biggest users of our services.

During 1958, additional advertising ran in local, limited circulation newspapers and magazines published in the territory served by the Southern System. These ads, designed to "humanize" the railway, highlighted various subjects of interest and significance to our friends and neighbors along our lines—the Company's contribution to the public welfare, its activities of the present, its plans and hopes for the future.

The Company also made use of specially prepared newspaper and magazine articles, a Company magazine, "Ties," direct mail, souvenirs, movies and slide films. Speakers were supplied for special groups, displays and exhibits were provided for community celebrations, and written and personal contacts were maintained with opinion leaders. Information about the railway and the industry was also furnished to students and educators upon request.

ERNEST E. NORRIS (1882-1958)
ROBERT M. HANES (1890-1959)

The Board records with sorrow the deaths of two of its members, *Ernest Eden Norris* and *Robert March Hanes.*

Mr. Norris was President of the Company from 1937 through 1951, and a Director of the Company from 1933 until his death on April 23, 1958. It may be said of Ernest Norris that he filled with honor the traditional role of a Southern Railway president—to build the Southern and the South to the best of his ability in response to the particular needs of his time. He stressed improvement of the railway's physical plant and preparation of younger men for leadership. The Company owes much to his success in both endeavors.

Mr. Hanes was a Director of the Company from 1933 until his death on March 10, 1959, and served as a member of the Executive Committee from 1937 until his death. For many years the chief executive officer of the Wachovia Bank and Trust Company, he was a native and resident of North Carolina, and an internationally-known figure in the banking and financial worlds. Your Company benefited greatly from his wide experience and wise counsel.

LEGISLATION

The last session of Congress devoted much time to the railroads as a part of the competitive transportation industry. The 3% excise tax on transportation of freight

London Market's Entry Into Forward Dealing in Gold

By PAUL EINZIG

Writer believes decline in the expectation of U. S. gold price rise and the fears of flight from the dollar prompted opening up of forward dealing in gold in the London market. Dr. Einzig passes on the reminder that resumption of dollar-scare, leading to speculative activity on a large scale, would lead to reimposition of the ban. Regarding the ineffectiveness of such a ban, the columnist suggests we restrict forward gold transactions here so that they would not shift from London to Zurich or some other market than London. Other comments made include the opinion that U.S.S.R. would not engage in forward delivery if it thought, gold devaluation would occur, and a plea to post publicly the forward price of gold.

LONDON, Eng.—The removal of the ban on forward dealing in gold in the London market on March 20 was not followed by any noteworthy expansion of such transactions. Even before that date the Bank of England tolerated forward dealings during recent months, provided that the firms engaged in it consulted the bank in respect of the type of transactions they wished to carry out. There was no need for asking the bank to authorize each individual transaction. But the bank reserved the right to lay down rules regarding broad principles. Thus it was permitted to sell gold for forward delivery when the buyer had some legitimate commercial or financial interest to cover against the risk of a dollar devaluation. Central banks and others who anticipated future receipts of dollars were permitted to sell these dollars against gold for future delivery. Likewise firms with contractual obligations under a gold clause were entitled to cover their risk.

Dr. Paul Einzig

Such informal rules aimed at reconciling the desire for the provision of facilities for legitimate purposes with the desire to avoid the development of large-scale speculation against the dollar. The British authorities were anxious not to interfere with London's functions as a world banking centre. Free dealing in gold constitutes an essential part of that function. Rival centres—especially Zurich—were able to offer foreign firms facilities which the London market would have been prevented from offering under a too rigid application of the official ban on forward dealing in gold. This placed London bullion dealers at an unfair disadvantage. One of them, Samuel Montagu & Co., solved the problem by establishing an affiliated firm in Zurich.

But London as a whole stood to lose even under the flexible interpretation of the official ban. For it is one thing to have to apply for permission, if not for each transaction, at any rate for borderline cases, or for exceptionally large transactions, and quite another thing to be able to proceed with the transactions free of any formalities.

No Fear of Dollar Prompts Move

The British authorities were anxious to proceed with caution with the removal of the ban, because the demand for forward gold facilities arose last year entirely in connection with the wave of distrust in the dollar that developed as a result of devaluation rumors. The last thing the authorities would have liked to do was to provide facilities for those who wanted to speculate against the dollar, or for Americans who wanted to hedge against the devaluation without having to use their own capital resources. American citizens are, of course, in a position to hedge by buying and holding gold abroad. But that would mean tying down capital resources and many Americans wanted to hedge while retaining the use of their funds. To that end they bought gold for forward delivery in Zurich. The bank of England was opposed to the extension of such facilities in London.

Now that the ban has been removed the dealers are in a position to offer facilities similar to those offered by Zurich. This apparent inconsistency is explained by the fact that at the time when the ban was removed there was no evidence of any noteworthy flight from the dollar. That movement came to a halt, and the change was timed in a way as to ensure that it is not followed by large speculative operations.

Reimpose the Ban

The small number of specialist firms engaged in gold operations were exhorted by the Bank of England to use their newly-granted freedom with discretion. There is, of course, always a possibility of a revival of the dollar scare, in which case the London market will be inundated with demands for forward gold. In existing conditions there would be nothing to prevent London dealers from meeting the demand, beyond the warning that should there be speculative activity on a large scale the ban might be reimposed. This could easily be done, for the Bank of England has retained its legal

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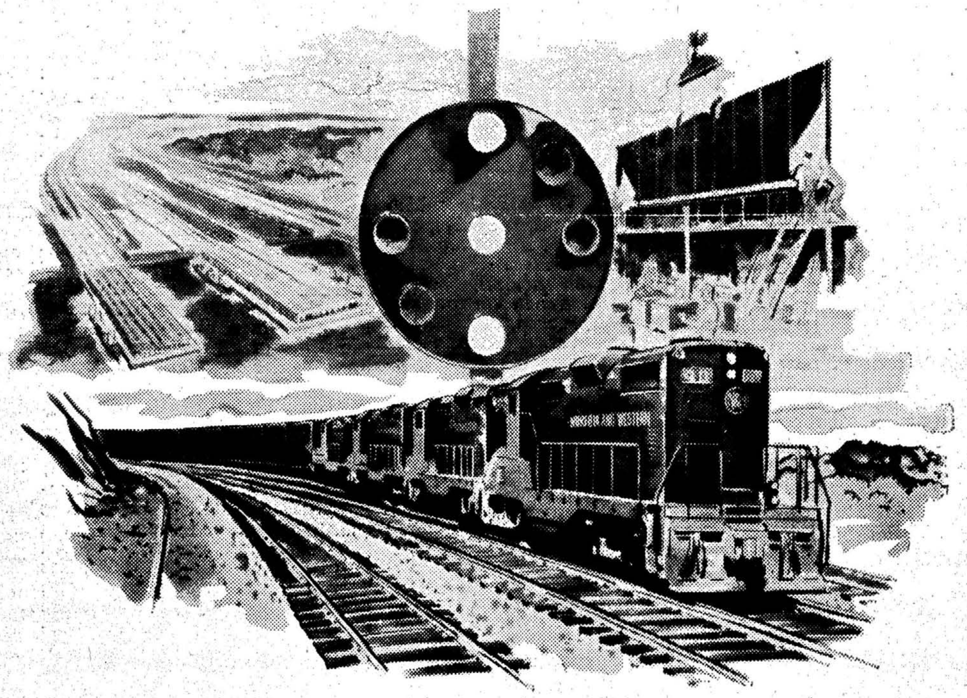
Annual Report 1958



NORFOLK and WESTERN RAILWAY

The year 1958 was one of major gains in the operating efficiency and profit-making potential of Norfolk and Western Railway.

Despite a 19 per cent drop in gross revenues below 1957, last year's net income was $7.57 a share, second highest in history. Net income was $43.5 million, only 2 per cent less than 1957's record breaking profit of $44.5 million.

Not since World War II has the N&W had such a low operating ratio—65.45 per cent; or brought down to net income such a large percentage of total operating revenues—21.33 per cent. And never in its history has the N&W equalled its 1958 record of 87,653 gross ton miles per train-hour—one of the best tests of operating efficiency since it measures both train tonnage and train speed —or 1,058 gross ton miles per man-hour, which measures the transportation output of employees.

Working capital increased from $42.7 million in 1957 to $55.2 million. Total taxes were $35.8 million—equal to $6.36 per share of common stock.

Capital expenditures amounted to $46.4 million—$34.1 million for equipment and $12.3 million for additions and improvements to fixed property. N&W owns more freight cars per mile of line than any other U. S. railroad 250 miles or more in length, and when dieselization is completed in 1959 will have the newest and most modern fleet of diesels in the railroad industry.

Registered share owners at the end of the year totaled 29,601. The Company employed an average of 15,505 persons.

N&W paid dividends of $1 per share on adjustment preferred stock and $4 per share on common stock.

All in all, 1958 was a good year for Norfolk and Western, a year of progress. Always a healthy, vigorous carrier, N&W is moving ahead in 1959 with added determination and aggressiveness.

CONDENSED INCOME STATEMENT

	1958	1957
Income		
From transportation of		
Coal and Coke	$127,567,944	$166,310,732
Merchandise	62,710,117	69,404,171
Passengers	2,914,884	3,220,145
Mail and Express	4,651,972	3,828,970
Miscellaneous Revenues	6,101,379	8,369,074
Equipment and Joint Facility Rents—Net	7,857,929	12,348,422
Dividends, Interest and Other Income—Net	3,887,209	1,869,267
	215,691,434	265,350,781
Expenses		
Payrolls	77,376,650	94,056,818
Material, Supplies and Other Expenses	39,770,701	62,306,275
Depreciation on Transportation Property	16,343,498	14,970,836
Taxes, other than Federal income taxes	16,038,907	17,142,655
Interest on Indebtedness	2,937,780	1,988,438
	152,467,536	190,465,022
Earnings before Federal income taxes	63,223,898	74,885,759
Federal income taxes	19,722,000	30,350,000
Net Income	43,501,898	44,535,759
Earnings per share of Common Stock	$7.57	$7.75

Continued from page 13

A Brighter Economic Outlook May be at Hand for Cotton

to us has not been eliminated, but it has been reduced.

For the newer fibers—nylon, Dacron, and the other non-cellulosics—the picture is very different. These fibers nearly doubled their market in the same four-year period. But the staggering thing is the amount of new capacity that is expected to be constructed by the end of next year, 1960. It is scheduled to reach an amount equal to nearly four million bales of cotton. If the non-cellulosic manufacturers really sell that much fiber, they will move ahead of rayon in the total size of their market, when expressed in cotton equivalents.

Where are they going to find a market for all this new capacity? For a lot of it the answer may be **nowhere.** The tire cord market is involved, and complicates the picture. But any way that we look at this thing, it seems to foreshadow a terrific new competitive battle for some of cotton's markets. Last year the man-made fiber producers spent about $30 million for promotion. The tremendous increase in this activity is one of the important developments of the past year—and more of it seems ahead. These fibers are far higher priced than cotton. So far as we can tell from our extentive market research, their prospects for taking our markets on the present merits of the fibers, or on the present state of consumer preference, with allowance for relative prices, are quite limited. They must be planning to rely very heavily upon the gimmick effect that can be obtained with new fibers, magnified enormously through advertising.

Sums Up Bullish Factors

All in all, we face, as usual, some tremendous threats on our domestic market, but we also have some big things to make us hope that we can turn the total trend of this market upward. Our industrial losses are declining. The basic trend of our apparel and household markets, which now make up three-fourths of the whole thing, is upward, and we face the future with a lot of competitive strength here. The wash-and-wear fabrics are helping us. A lower price next season should give us a new margin of competitive strength at many places up and down the list of our markets. The economy promises to keep on growing, a higher fraction of the population will be in the age groups which use the most textiles, and trends in retail credit promise a better break for soft goods, especially textiles. Cotton consumption has a great chance to begin a substantial upward trend. It would have a far greater chance with a bigger program of promotion and research.

Turns to Export Market

Now for an analysis of the steep loss in our exports of raw cotton.

To begin with the fundamentals, we always have to look at the amount of cotton that is being consumed abroad.

If we consider cotton consumption at the spinning stage in the Free Foreign World during the decade ended with 1956-57, we find that there was a strong and steady upward trend. There was an increase of eight million bales, or 65%, in the decade. Against this, however, we have to place for comparison the picture of expansion in foreign production throughout the free world. This also was tremendous. The excess of consumption over production is the thing that counts for U. S. exports, and this has varied greatly from year to year.

In 1956-57, the year in which we exported 7.6 million bales, cotton consumption in the Free Foreign World rose more than usual, and production actually had a slight decline. When we consider the following season, 1957-58, we find quite a reversal. For the first time in 15 years the total consumption of cotton in the Free Foreign World declined. It dropped half a million bales. And production had the first substantial increase in three years.

And now we are midway in 1958-59, and we find that both of these adverse trends have been continuing. If the current estimates prove true, the consumption of cotton in the Free Foreign World this season will exceed production by only two million bales.

(The net exports of cotton from the free world to the communist world also have an important bearing upon our exports, but this aspect of the problem is not treated here. Consumption and production in the Free Foreign World provides the main explanation of our current outlook.)

When the fundamental forces of consumption and production are favorable to us, they bring with them another favorable factor of a very temporary nature: They make people want to hold more cotton in stock. But when these two factors turn against us, they make people want to hold less stock. Right now, with consumption down and production up, our customers in Europe and Japan see what looks like a tremendous supply of raw cotton seeking markets. They look forward to the next season, and they are impressed, rightly or wrongly, with the idea that the United States is going to grow quite a big crop. Why should they hold more than the absolute minimum of stocks at this time, they ask?

Foreign Prices Are Down

As for the net producing countries, they naturally have a feeling of urgency about selling their cotton in this situation. And this attitude is aggravated by the fact that some of them began the season with more stocks than they wanted to hold—a few hundred thousand bales more.

As a result of all this, foreign prices are down. Normally the foreign upland cottons have a certain price relationship to the export price of U. S. cotton, and they tend to follow the U. S. price. In the year 1955, we faced a new situation. Foreign production had risen rapidly in relation to foreign consumption. There were huge raw stocks in the United States. Suddenly the world became convinced that the U. S. export price was going to be lowered, and foreign cottons dropped clear away from their normal relationship to U. S. cotton. They were competing with one another in an effort to find markets before the U. S. price came down. Then the U. S. Government export program took effect, and the price situation firmed and returned more to normal relationships. But by the middle of last year, 1958, we were back in another period with much resemblance to 1955. The spread between foreign consumption and produtcion was sharply declining. The supplies seemed super-abundant again. Again there were anticipations that our government export sale price would be reduced. Again we have had foreign prices breaking away from the U. S. price in reflection of a panicky desire to sell within a limited time. In this price situation, we have been cut very largely out of the export market in the current year, just as we were back in 1955-56.

Sums Up Basic Problem

We have examined four reasons behind our current export losses: foreign consumption, foreign production, stocks, and prices. But the situation in stocks and in prices is traceable to the situation in consumption and production. All our present export trouble stems fundamentally from the fact that on these two latter points, consumption and production, the record of last season and this season has been unfavorable. In order to make our export market grow in a sound way across the years of the future, we come back to the fact that the fundamental problem is to stimulate the consumption of cotton abroad and to keep foreign production from increasing so fast as foreign consumption.

First, then, we shall look further into production. If current estimates prove correct, foreign free world production this season will be up by about 940,000 bales over last season. It is important, however, to analyze this increase in terms of the types of cotton involved. It is being estimated that the production of extra-long staple cotton in Egypt, Sudan, and elsewhere will account for 700,000 bales of this increase. In India, where the production is largely of the harsh, short Indian types, an increase of 220,000 bales is expected. By subtracting these amounts, we find that virtually no net increase is estimated for the upland types of cotton which comprise the principal production and exports of the United States.

It is a fact, however, that the acreages planted to upland cotton, as distinct from the estimated volume of production, will be up substantially this season in the Foreign Free World. While the average yields per acre are down, acreages are up. The estimated increase is roughly 1.2 million acres, or 5%.

Where and why has acreage increased like this? The most notable case is Mexico. At normal yields for the two seasons, Mexico **would** have added a quarter of a million bales to its production this season. The main increases were in the West Coast region (where new land was brought under irrigation) and in the Matamoros region (where irrigation water was far more plentiful at planting time than it had been a year earlier). Surely the prices of a year ago may have been another encouraging factor, but the main thing to be said about the prices which prevailed later in the season is that they seemed to have brought serious distress to the Mexican cotton economy. This, combined with excessively wet weather, is said to be discouraging plantings quite significantly for the season ahead.

The other most notable increases in acreage are in Uganda—where the weather was very favorable for plantings this season—and in Brazil, where the government is trying to encourage cotton planting because of the very poor state of the coffee market.

Blames Foreign Consumption

There is no convincing evidence yet that we are back in another period of headlong and deeply alarming expansion in foreign cotton production, such as we had during the Korean War period or in the season of 1954-55. It would seem that the main explanation of our current export trouble is not in foreign production at all, but in foreign consumption. It is by no means unusual for production to increase, but it has been most unusual—and for a long time unheard of—for consumption to decline in the Foreign Free World from one year to the next. We need to ask every question we can about why this decline has been occurring last season and this season.

I know of no impressive evidence that the population of the foreign world has stopped growing by some 40 or 50 million per year, or that the basic forces behind the long-range upward trend of foreign incomes have been halted. We come to the nub of the matter when we ask whether competition from other things explains the decline in cotton consumption.

One thing that we certainly must take seriously is the rising volume of cloth exported from the communist countries, particularly China. While reported increases to date represent only a few hundred thousand bales of cotton, the future potential may be enormous. If these cloth exports to the free world go on rising, the raw cotton requirements are likely to be fully supplied by rapidly increasing production within the communist bloc.

Among competitive materials, rayon is still by far the big one in most of the foreign world, though the non-cellulosics and plastic materials are coming up fast in some parts of it. One year ago we made a careful comparison of figures reflecting the relative trends of cotton consumption and of rayon staple production month by month in the Foreign Free World. For a long time rayon had a much stronger upward trend than cotton, but in 1956 and 1957 this tendency for rayon to gain faster than cotton looked as if it had been halted. We were very much interested in seeing what another year's experience would reveal. As we look back now upon the latest 12 months, we find that rayon has declined fully as much as cotton, or a little more, and that rayon producers all over the world have been having a bad time.

Finally, among our competitors, we have to think of the competition of other goods and services. We are keenly aware that textiles as a whole have not kept up with the total growth of the American market, and we have been fearful that as any nation rises to a certain level of income, the percentage of its spending for textiles has an inevitable tendency to drop off.

Blames Industrial Decline

But please notice this: Across the past decade total spending upon all consumer goods and services in the United States, expressed in constant dollars, has increased by about 36%. But in this country, where incomes are the highest and are trending upward, the total consumption of cotton in wearing apparel has risen by 43%. It is not the apparel markets that have failed to rise. Our biggest trouble has been that while these markets rose, our great industrial markets declined. For the great bulk of the foreign world, all the evidence suggests that clothing is the dominant use for textiles today and that the industrial uses are relatively small. Thus we see strong evidence here that there is no end in sight yet for the amount of textiles that people will buy all over the world—especially if they are promoted.

We can see no evidence yet that the long-term upward trend of cotton consumption has been halted by any reversal of the forces which have been operative in the areas of population, incomes, or competition. It becomes apparent that the sharp and sudden drop-off which we have been having last season and this season can only be explained by one thing: A widespread recession in textile operations throughout the world, based on inventory adjustments and on recessions in general business. The general slide-off in textile operations in the Foreign Free World has been underway since early in 1957. The available statistics indicate rather clearly that it continued through the third quarter of 1958. Has the turn come in the fourth quarter or in subsequent weeks? We can't be sure. We can only say that it is unlikely to be postponed very long unless a real depression should sweep over the world.

This cyclical decline is the main, basic cause of our current export trouble. When the textile cycle turns up, it could rise by an annual rate of several million bales in the Foreign Free World within a short time.

Whenever this happens, it could raise foreign cotton consumption to a level more in line with its normal trend, and by doing so it could make over the current outlook for exports and the current ideas about stocks.

If we look through this textile cycle to the long-range trend of foreign consumption, it still seems likely to be headed on upward. Our export market through the years will depend on whether consumption rises faster than production, and how much faster.

Question of Export Price

One important factor in this will be the price at which we export cotton. Will it keep us competitive against rayon and other materials for the textile market, and will it keep foreign production from expanding too rapidly? It's difficult to find a reliable answer in the experience of any brief period, especially one which has been so dominated by a world textile recession. I do not pretend that anything in this analysis offers any single clear guide as to what the sound export price level would be. But here is a basic fact:

Our exports depend on a relatively small margin between foreign consumption and foreign production. The trends of both these things are affected to some extent by the export price of our cotton, and a little tilting of either trend, one way or the other, could make a difference of millions of bales in our average exports for the next three to five years.

Another factor with real importance is the promotion of cotton consumption in foreign lands. A rapid and very gratifying increase in such promotion is being achieved, and we can be sure that it will have a significant effect upon the trend of foreign consumption.

And another factor is research. Our chance to be competitive in both quality and price across the years of the future is geared to our **lead** over competing countries in the field of technology. They are moving forward in technology. We have to move faster.

Through promotion, price, and research, we can widen the spread between foreign consumption and production and thereby add perhaps a half million bales a year, on the average, to our annual level of exports until it rises to six, seven, eight million bales and more.

Form Talmage Wilcher

WEST PALM BEACH, Fla.—Talmage Wilcher, Inc. has been formed with offices in the Harvey Building to engage in a securities business. Officers are Talmage S. Wilcher, President; B. Lyle Fletcher, Jr., First Vice-President, H. C. John Russell, Second Vice-President; A. G. Wilcher, Secretary-Treasurer; and M. C. Mitchell, Executive Secretary.

Time Sq. Option Formed

Times Square Option Co. is engaging in a securities business from offices at 33 West 42nd St., New York City. Partners are Miriam Grohman, General Partner, and Milton Mogil, Freida Lipton, Helen Miller, Mildred Landersburg and Evelyn Kraines, Limited Partners,

With Gallagher-Roach

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Donald H. Bradley is now affiliated with Gallagher-Roach and Company, 16 East Broad Street.

New York Security Dealers Associati

Gene Statter, *Mabon & Co.;* Paul Windels, *Securities & Exchange Commission;* Frank Dunne, *Dunne & Co.;* Edward C. Werle, *Johnson & Wood,* Chairman of the *New York Stock Exchange*

Herb Abelow, *Mitchell & Company;* Jim Mundy, *Suplee,* [illegible] (Philadelphia); Walter Kane, *Shearson, Hammill & Co.;* [illegible]

Hal Murphy and Edwin L. Beck, *The Commercial & Financial Chronicle and Standard & Poor's Corporation*

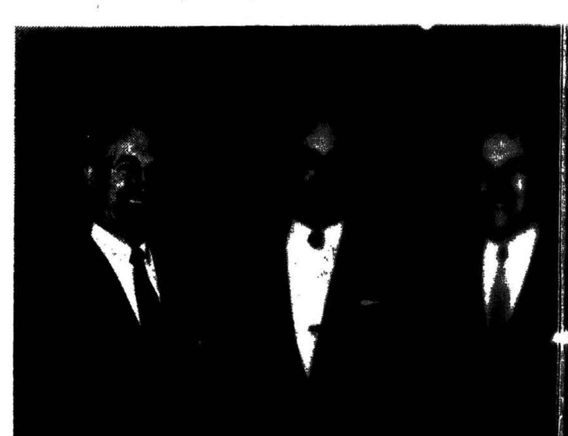
Arthur Bisgood, *Registrar & Transfer Co.;* Edward T. McCormick, *American Stock Exchange;* Harry R. Amott, *Amott, Baker & Co. Incorporated*

Dr. Kenneth McFarland, [illegible]

Bernard Abramson, Samuel A. Hirshowitz, Carl Madonick, and David Clurman, all of *Attorney General's Office of the State of New York;* David Morris, *David Morris & Co.*

Professor John Bailey, *Northeastern University* (Boston); [illegible] *Corporation;* Col. Oliver J. Troster, *Troster, Singer & Co.;* [illegible] *Corporation;* Edward A. Bracken, *General Motors* [illegible]

Joseph Smith, *Newburger & Co.* (Philadelphia); Barney Nieman, *Carl Marks & Co., Inc.;* Jim McFarland, *Stroud & Company, Incorporated* (Philadelphia); Bob Kullman, *John J. O'Kane, Jr. & Co.*



William Rieber, *Chase Manhattan Bank;* [illegible] *Chase Manhattan Bank;* [illegible]

Continued from page 13

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To begin with the fundamentals, we always have to look at the amount of cotton that is being consumed abroad.

If we consider cotton consumption at the spinning stage in the Free Foreign World during the decade ended with 1956-57, we find that there was a strong and steady upward trend. There was an increase of eight million bales, or 65%, in the decade. Against this, however, we have to place for comparison the picture of expansion in foreign production throughout the free world. This also was tremendous. The excess of consumption over production is the thing that counts for U. S. exports, and this has varied greatly from year to year.

In 1956-57, the year in which we exported 7.6 million bales, cotton consumption in the Free Foreign World rose more than usual, and production actually had a slight decline. When we consider the following season, 1957-58, we find quite a reversal. For the first time in 15 years the total consumption of cotton in the Free Foreign World declined. It dropped half a million bales. And production had the first substantial increase in three years.

And now we are midway in 1958-59, and we find that both of these adverse trends have been continuing. If the current estimates prove true, the consumption of cotton in the Free Foreign World this season will exceed production by only two million bales.

(The net exports of cotton from the free world to the communist world also have an important bearing upon our exports, but this aspect of the problem is not treated here. Consumption and production in the Free Foreign World provides the main explanation of our current outlook.)

When the fundamental forces of consumption and production are favorable to us, they bring with them another favorable factor of a very temporary nature: They make people want to hold more cotton in stock. But when these two factors turn against us, they make people want to hold less stock. Right now, with consumption down and production up, our customers in Europe and Japan see what looks like a tremendous supply of raw cotton seeking markets. They look forward to the next season, and they are impressed, rightly or wrongly, with the idea that the United States is going to grow quite a big crop. Why should they hold more than the absolute minimum of stocks at this time, they ask?

Foreign Prices Are Down

As for the net producing countries, they naturally have a feeling of urgency about selling their cotton in this situation. And this attitude is aggravated by the fact that some of them began the season with more stocks than they wanted to hold—a few hundred thousand bales more.

As a result of all this, foreign prices are down. Normally the foreign upland cottons have a certain price relationship to the export price of U. S. cotton, and they tend to follow the U. S. price. In the year 1955, we faced a new situation. Foreign production had risen rapidly in relation to foreign consumption. There were huge raw stocks in the United States. Suddenly the world became convinced that the U. S. export price was going to be lowered, and foreign cottons dropped clear away from their normal relationship to U. S. cotton. They were competing with one another in an effort to find markets before the U. S. price came down. Then the U. S. Government export program took effect, and the price situation firmed and returned more to normal relationships. But by the middle of last year, 1958, we were back in another period with much resemblance to 1955. The spread between foreign consumption and produtcion was sharply declining. The supplies seemed superabundant again. Again there were anticipations that our government export sale price would be reduced. Again we have had foreign prices breaking away from the U. S. price in reflection of a panicky desire to sell within a limited time. In this price situation, we have been cut very largely out of the export market in the current year, just as we were back in 1955-56.

Sums Up Basic Problem

We have examined four reasons behind our current export losses: foreign consumption, foreign production, stocks, and prices. But the situation in stocks and in prices is traceable to the situation in consumption and production. All our present export trouble stems fundamentally from the fact that on these two latter points, consumption and production, the record of last season and this season has been unfavorable. In order to make our export market grow in a sound way across the years of the future, we come back to the fact that the fundamental problem is to stimulate the consumption of cotton abroad and to keep foreign production from increasing so fast as foreign consumption.

First, then, we shall look further into production. If current estimates prove correct, foreign free world production this season will be up by about 940,000 bales over last season. It is important, however, to analyze this increase in terms of the types of cotton involved. It is being estimated that the production of extra-long staple cotton in Egypt, Sudan, and elsewhere will account for 700,000 bales of this increase. In India, where the production is largely of the harsh, short Indian types, an increase of 220,000 bales is expected. By subtracting these amounts, we find that virtually no net increase is estimated for the upland types of cotton which comprise the principal production and exports of the United States.

It is a fact, however, that the acreages planted to upland cotton, as distinct from the estimated volume of production, will be up substantially this season in the Foreign Free World. While the average yields per acre are down, acreages are up. The estimated increase is roughly 1.2 million acres, or 5%.

Where and why has acreage increased like this? The most notable case is Mexico. At normal yields for the two seasons, Mexico **would** have added a quarter of a million bales to its production this season. The main increases were in the West Coast region (where new land was brought under irrigation) and in the Matamoros region (where irrigation water was far more plentiful at planting time than it had been a year earlier). Surely the prices of a year ago may have been another encouraging factor, but the main thing to be said about the prices which prevailed later in the season is that they seemed to have brought serious distress to the Mexican cotton economy. This, combined with excessively wet weather, is said to be discouraging plantings quite significantly for the season ahead.

The other most notable increases in acreage are in Uganda—where the weather was very favorable for plantings this season—and in Brazil, where the government is trying to encourage cotton planting because of the very poor state of the coffee market.

Blames Foreign Consumption

There is no convincing evidence yet that we are back in another period of headlong and deeply alarming expansion in foreign cotton production, such as we had during the Korean War period or in the season of 1954-55. It would seem that the main explanation of our current export trouble is not in foreign production at all, but in foreign consumption. It is by no means unusual for production to increase, but it has been most unusual—and for a long time unheard of—for consumption to decline in the Foreign Free World from one year to the next. We need to ask every question we can about why this decline has been occurring last season and this season.

I know of no impressive evidence that the population of the foreign world has stopped growing by some 40 or 50 million per year, or that the basic forces behind the long-range upward trend of foreign incomes have been halted. We come to the nub of the matter when we ask whether competition from other things explains the decline in cotton consumption.

One thing that we certainly must take seriously is the rising volume of cloth exported from the communist countries, particularly China. While reported increases to date represent only a few hundred thousand bales of cotton, the future potential may be enormous. If these cloth exports to the free world go on rising, the raw cotton requirements are likely to be fully supplied by rapidly increasing production within the communist bloc.

Among competitive materials, rayon is still by far the big one in most of the foreign world, though the non-cellulosics and plastic materials are coming up fast in some parts of it. One year ago we made a careful comparison of figures reflecting the relative trends of cotton consumption and of rayon staple production month by month in the Foreign Free World. For a long time rayon had a much stronger upward trend than cotton, but in 1956 and 1957 this tendency for rayon to gain faster than cotton looked as if it had been halted. We were very much interested in seeing what another year's experience would reveal. As we look back now upon the latest 12 months, we find that rayon has declined fully as much as cotton, or a little more, and that rayon producers all over the world have been having a bad time.

Finally, among our competitors, we have to think of the competition of other goods and services. We are keenly aware that textiles as a whole have not kept up with the total growth of the American market, and we have been fearful that as any nation rises to a certain level of income, the percentage of its spending for textiles has an inevitable tendency to drop off.

Blames Industrial Decline

But please notice this: Across the past decade total spending upon all consumer goods and services in the United States, expressed in constant dollars, has increased by about 36%. But in this country, where incomes are the highest and are trending upward, the total consumption of cotton in wearing apparel has risen by 43%. It is not the apparel markets that have failed to rise. Our biggest trouble has been that while these markets rose, our great industrial markets declined. For the great bulk of the foreign world, all the evidence suggests that clothing is the dominant use for textiles today and that the industrial uses are relatively small. Thus we see strong evidence here that there is no end in sight yet for the amount of textiles that people will buy all over the world—especially if they are promoted.

We can see no evidence yet that the long-term upward trend of cotton consumption has been halted by any reversal of the forces which have been operative in the areas of population, incomes, or competition. It becomes apparent that the sharp and sudden drop-off which we have been having last season and this season can only be explained by one thing: A widespread recession in textile operations throughout the world, based on inventory adjustments and on recessions in general business. The general slide-off in textile operations in the Foreign Free World has been underway since early in 1957. The available statistics indicate rather clearly that it continued through the third quarter of 1958. Has the turn come in the fourth quarter or in subsequent weeks? We can't be sure. We can only say that it is unlikely to be postponed very long unless a real depression should sweep over the world.

This cyclical decline is the main, basic cause of our current export trouble. When the textile cycle turns up, it could rise by an annual rate of several million bales in the Foreign Free World within a short time.

Whenever this happens, it could raise foreign cotton consumption to a level more in line with its normal trend, and by doing so it could make over the current outlook for exports and the current ideas about stocks.

If we look through this textile cycle to the long-range trend of foreign consumption, it still seems likely to be headed on upward. Our export market through the years will depend on whether consumption rises faster than production, and how much faster.

Question of Export Price

One important factor in this will be the price at which we export cotton. Will it keep us competitive against rayon and other materials for the textile market, and will it keep foreign production from expanding too rapidly? It's difficult to find a reliable answer in the experience of any brief period, especially one which has been so dominated by a world textile recession. I do not pretend that anything in this analysis offers any single clear guide as to what the sound export price level would be. But here is a basic fact:

Our exports depend on a relatively small margin between foreign consumption and foreign production. The trends of both these things are affected to some extent by the export price of our cotton, and a little tilting of either trend, one way or the other, could make a difference of millions of bales in our average exports for the next three to five years.

Another factor with real importance is the promotion of cotton consumption in foreign lands. A rapid and very gratifying increase in such promotion is being achieved, and we can be sure that it will have a significant effect upon the trend of foreign consumption.

And another factor is research. Our chance to be competitive in both quality and price across the years of the future is geared to our lead over competing countries in the field of technology. They are moving forward in technology. We have to move faster.

Through promotion, price, and research, we can widen the spread between foreign consumption and production and thereby add perhaps a half million bales a year, on the average, to our annual level of exports until it rises to six, seven, eight million bales and more.

Form Talmage Wilcher

WEST PALM BEACH, Fla.—Talmage Wilcher, Inc. has been formed with offices in the Harvey Building to engage in a securities business. Officers are Talmage S. Wilcher, President; B. Lyle Fletcher, Jr., First Vice-President, H. C. John Russell, Second Vice-President; A. G. Wilcher, Secretary-Treasurer; and M. C. Mitchell, Executive Secretary.

Time Sq. Option Formed

Times Square Option Co. is engaging in a securities business from offices at 33 West 42nd St., New York City. Partners are Miriam Grohman, General Partner, and Milton Mogil, Freida Lipton, Helen Miller, Mildred Landersburg and Evelyn Kraines, Limited Partners,

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(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Donald H. Bradley is now affiliated with Gallagher-Roach and Company, 16 East Broad Street.

Continued from first page

As We See It

the production of goods and services that are wanted by the people—but it could be done.

Things We Can Not Afford

There are, however, a number of things that we, rich or not, can not afford to do—can not afford by any definition of that rather vague term. To put the matter bluntly, we can not afford to wreck the economic system which alone would enable us to carry such loads as the spenders would place upon our shoulders. And to do the things that Mr. Bowles and the others would have us do would inflict serious damage to our economic system. We can not afford to pay out large and continuous subsidies to farmers for the production of goods which can not be used, or to provide inducements to men not to work by granting them so-called unemployment "benefits" which, as everyone knows, are all too frequently in no way deserved, or to stimulate housing which can be built and maintained only by arrangements which require the industrious to help pay for the accommodations of the thriftless, or to keep adding and adding to the give-away in the name of old age pensions—we can not afford to do these things because they play hob with the economic system which must support these or any other schemes of the sort.

The fact is, of course, that we are even now engaged in a great many such programs which we can not afford, and chiefly for that reason described above. Let it not be forgotten that so far as these programs are financed out of current revenues they are supported very largely by large business enterprises and individuals with larger incomes. Another very substantial part of that support comes, if somewhat indirectly, from the "contributions" of workers to their old age pension fund. This means, of course, that a heavy burden is laid upon enterprise, and that government obligations to pay pensions in the future are growing at a rate few seem to realize. Such programs could hardly fail to be a real handicap to that economic system that is expected to provide the means for the things that the New Dealers and others demand.

Not the Whole Story

But, of course, that is not by far the whole story. The billions we spend to keep farmers going, not only is a drain upon the Treasury but has the effect of keeping many men and women producing things that are not wanted when they could be at work helping to provide good things of life for themselves and the others around them. It tends to do more than that. Since these unwanted goods made by the farmers are paid for, purchasing power is placed in the hands of the producers which is not matched by the production of wanted goods and services. That is the very essence of inflation. In time, it is all but certain to cause prices to rise to the detriment of us all.

Essentially the same type of influence is exerted by the purchases of various other elements in the population which are not contributing in corresponding amounts to the production of the nation. Of course, all this can go on more or less indefinitely only if credit is pumped into the system in excessive amounts. Otherwise, what is unwisely spent in this way would have to be provided out of the current income of someone else whose command over current goods would be proportionately reduced. But, of course, the spenders have never objected to arbitrary creation of funds. The fact is that funds in such large amounts were arbitrarily brought into being during World War II and the other New Deal years, too, that a great deal that is unsound can be and is being financed in reality from past inflationary credit policies.

If there ever was a time that this nation could not afford such nonsense that time is now. Whether we like it or not we are locked in a deadly sort of competition with world communism. Our survival depends upon the greater strength of our economic and social systems. To weaken our economic potential at such a time is a very serious matter. In point of fact it is very hazardous for us to fail to take positive steps to restore the vigor and the enterprise which have made us the envy of the world through many decades. It is often said—by some who ought to know better—that we must do this or do that largely in imitation of communism or socialism if we are to escape the clutches of the Kremlin. The opposite is true. We must proceed in the way that is familiar to us to outstrip the communist system now in force in so many countries of the world.

Yes, there are some things that we the richest nation in the world can not afford to do—lest we cease to be rich or possibly even to exist.

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Rule 133 of the SEC

1943 had urged two propositions upon the court: (1) the "no-sale" *theory*, that is, that the consolidation in that case did not involve a "sale" within the meaning of the definition of that term in Section 2(3) *for any purpose* under the Act; and (2) even though the Court might not agree with this proposition that the "no-sale" *rule* which was then embodied in the Note to Form E-1 was limited by its terms to questions as to the application of the registration provisions of the Act to the transactions of submission and consummation of mergers, consolidations and similar plans and, therefore, could properly be relied upon as making registration unnecessary. It was further expressly stated in these briefs that, while reliance on the "no-sale" registration *rule* in the Note afforded protection from civil liability under Section 12(1) of the Act because of failure to register, if the Court did not agree with the "no-sale" *theory*, the *rule* would provide no protection under Section 19 from the anti-fraud, civil and criminal liability provisions of Sections 12(2) and 17.

The Court of Appeals decided the case on other grounds and then referred to the Commission's arguments in phraseology which, it is generally urged, suggests that the Court accepted the "no-sale" *theory*. Following this discussion, the distinctions between the *rule* and the *theory*, so ably argued in our briefs, and their implications apparently were not fully appreciated, or were glossed over. At least I have found no evidence that they received very much attention until much later.

In 1951, one of our Regional Administrators advised that he had received complaints regarding certain mergers brewing in his area. He referred to the repeal of Form E-1 in 1947 and sought instructions whether it was appropriate to investigate these matters since the anti-fraud provisions of Section 17 related only to "sales." About this time a case had also arisen under Section 16(b) of the Securities Exchange Act of 1934 in which one issue was whether the acquisition of securities in a merger could be treated as a purchase and matched with a sale of these securities within six months.[6]

The Commission determined to appear in the Section 16(b) case *amicus curiae* to urge that a "purchase" within the meaning of Section 16(b) had taken place and that the "no-sale" *theory* which had been raised by way of defense had no application under the 1934 Act. The Commission at the same time directed the staff to draft a rule under Section 16(b) which would restrict the recoverability of profits to certain types of exchanges involved in mergers and related transactions.[7] The Commission also directed that the Regional Administrator be advised that the position previously reflected in the Note to Form E-1, which had been rescinded, should not be construed as in any way limiting the Commission's jurisdiction under Section 17 of the Act or Section 10 of the Securities Exchange Act of 1934. Ultimately, the Commission determined to express the administrative interpretation in a rule which would make clear that the submission and consummation of mergers and similar transactions are deemed not to involve an offer or sale for purposes of Section 5 only.[8] Rule 133 in essentially its present form, was adopted on Aug. 2, 1951.[9]

In 1956 the Commission announced that it had under consideration a proposal to revise Rule 133 to provide affirmatively that transactions of the character described in the Rule involve the offer and sale of securities.[10] Following a public hearing held in January, 1957,[11] the Commission announced that it was deferring action on the proposal pending further study.[12]

In April, 1957, in its Opinion in the *Sweet Grass* case[13] and in October, 1957, in the *Schering-White* release,[14] the Commission discussed the scope and limitations of Rule 133. In substance, the Commission indicated that *(1)* Rule 133, where applicable, merely provides that registration of securities, and presentation of a prospectus to the security holders, is not required in connection with the submission of a plan of merger or other transaction specified in the rule and the receipt of securities in consummation of the plan, *(2)* this does not mean that the securities issued in such a plan are "free" securities which need not be registered insofar as subsequent offers and sales of such securities are concerned; that is, that registration would be required for any subsequent offer and sale unless such activity were limited to casual sales by noncontrolling security holders which might fairly be described as trading transactions not involving a distribution or unless other exemption were available, and *(3)* Rule 133 provides no exemption from the registration and prospectus requirements of the Act with respect to any public distribution of the securities received by a security holder who might be deemed to be a statutory underwriter.[15]

Reference was also made to the language in the opinion of the United States District Court for the Southern District of New York, in *S.E.C.* v. *Micro-Moisture Controls, Inc.*, that Rule 133 is not applicable to an exchange of assets for stock which is but a step in the major activity of selling the stock.[16]

Pending Rule 133 Proposal

Early in the Spring of 1958, the Commission directed three of its principal staff officers to undertake a detailed study of the matter, including all relevant materials and prior positions taken by the Commission and the staff, and the views expressed in response to the Commission invitation for comment on the 1956 proposal and otherwise. A summary of the conclusions and recommendations contained in the resulting report appears in the published announcement of the proposed amendment of Rule 133.[17]

Restated briefly, the proposal would retain the present rule that registration is not required with respect to the submission to security holders and consummation of transactions specified in the rule; additional provisions would make clear that subsequent transactions in the securities so issued are not necessarily free of registration; that any person in a control relationship with a constituent corporation, as defined, who takes securities in the merger transaction with a view to their distribution is deemed to be an underwriter, thus requiring prior registration, except with regard to certain limited transactions defined as not amounting to a distribution; and that, if the issuer arranges for a public distribution of shares issued in the merger (whether or not limited to shares of persons in a control relationship to a constituent corporation), prior registration is required.

I turn now to the comments on the pending proposal.

Comments on Pending Proposal

For the statistically minded I should first mention that 27 letters were received. Most submitted one or more suggestions or raised some question of interpretation. Many caught drafting bugs. Each was helpful and we are grateful to all who so generously gave of their time and experience to assist us in the difficult task of drafting a workable rule.

Comments were submitted by 15 law firms, eight of which generally opposed the proposal. Seven favored it or were inclined to accept it as reasonable. At least one of those who agreed with the proposal nevertheless questioned the premises and rationale. In addition to the letter from your Committee, two other associations of lawyers commented. An American Bar Association committee opposed the proposed amendment and a committee of the New York County Lawyers Association submitted a neutral comment. One stock exchange, two mining associations and two other professional organizations commented. One letter was received from a firm in the securities business, and three from issuers in some phase of the oil business. Apart from the lawyers and the bar associations, only the letter of one of the mining associations indicated an overall view as to the proposed amendment. It opposed the proposal.

I shall not here attempt to restate or to respond to all of the comments made. They are a matter of public record and you can obtain copies of them if you wish. It may be helpful to note some of the more important general comments submitted and questions raised so that you may consider them in the context of my remarks upon the proposed amendment.

Approval was indicated of the Commission's attempt to crystallize and to codify its views. Some commentators noted in this connection, apparently with approval, that the proposed amendment does not go as far as certain of the statements contained in the *Great Sweet Grass* opinion or the *Schering-White* release seemed to indicate. It was suggested that the

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6 *Blau* v. *Hodginson*, 100 F. Supp. 361 (S. D. N. Y., 1951).

7 See Rule 16b-7 under the Securities Exchange Act of 1934.

8 It is interesting to note that two early expressions by the Commission frequently cited as support for the "no-sale" *theory* are in fact limited to the "no-sale" *rule*. "The Commission has interpreted the Act as not requiring registration in such situations . . . The Commission felt that the language and structure of the Act pointed to this result." Report of the Securities and Exchange Commission on Proposals for Amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934 (1941) at p. 25. See also SEC Report on the Study and Investigation of the Work, Activities, Personnel and Functions of Protective and Reorganization Committees, Part VII, p. 249, n. 172 (1938).

9 Securities Act Release No. 3420. The rule was amended after (see p. 6) enactment of the Internal Revenue Act of 1954. Securities Act Release No. 3522 (1954). Certain other transactions, such as distributions of stock dividends, are not deemed to involve a sale within the meaning of Section 5. Securities Act Release No. 929 (1936).

10 Securities Act Release No. 3698 (Oct. 2, 1956).

11 Securities Act Release No. 3728, (Dec. 17, 1956).

12 Securities Act Release No. 3761, (March 15, 1957).

13 *Great Sweet Grass Oils Limited* and *Kroy Oils Limited*, 37 SEC 683 (1957), affirmed *per curiam sub nom. Great Sweet Grass Oils Limited* v. *S.E.C.*, 256 F. 2d 893 (C.A. D.C., 1958).

14 Securities Act Release No. 3846, (Oct. 10, 1957).

15 See also *Intermountain Petroleum, Inc.*, (Securities Exchange Act Release No. 5753, Aug. 11, 1958) and *North American Resources Corp.*, (Securities Exchange Act Release No. 5756, Aug. 20, 1958).

16 148 F. Supp. 558 (S. D. N. Y., 1957). This opinion was written in connection with the issuance of a preliminary injunction. On March 31, 1958, the Court issued its Findings of Fact and Conclusions of Law supporting the entry of a permanent injunction upon the ground that the stock sold to the public was the stock of persons in a control relationship with the issuer and that certain of the defendants acted as underwriters in the sale of such stock. *S.E.C.* v. *Micro-Moisture Controls, Inc.*, 167 F. Supp. 716 (S. D. N. Y., 1958) appeal pending.

17 Securities Act Release No. 3965 (Sept. 15, 1958). Time extended for submitting comments. (Securities Act Release No. 3990, Nov. 4, 1958).

rule be reviewed after a year and views then be solicited as to its operation and effect. Others wished to withhold final comment until they have had an opportunity to review the proposed form permitting use of a proxy statement as the major part of the registration statement.

Question was raised whether the proposed rule was fairly within the rule making authority of the Commission and whether, in fact the proposal does not amount to an attempt to amend the Act. It was stated that the proposal is unnecessary to carry out the Commission's purpose to prevent improper evasion of the registration provisions of the Act and that existing authority and court decisions afford ample basis for preventing abuses. More concretely, it was questioned how transactions which are deemed not to constitute "sales" to security holders for the purposes of Section 5 can nevertheless be deemed to be "purchases" for some other purpose; how "purchases" by security holders can be deemed to be purchases for the purpose of determining whether the security holders are "underwriters" only in the case of security holders who are in control of a constituent corporation; and how resales of a given number of shares of a successor corporation by a controlling security holder of a constituent corporation can be said to represent a "distribution" when resales of a much larger number of shares of the same class even immediately after the same corporate transaction by a noncontrolling stockholder of the successor corporation would be said not to be a "distribution."

I hope to provide acceptable answers to some of these questions. This paper does not permit me to address myself to all of them. Before undertaking this task I wish to dispose of one matter. While the proposed amendment does not deal specifically with the question whether a transaction subject to registration results from the distribution to its shareholders of stock received by a company upon the sale of its assets to another company in a transaction within Rule 133, it is posited upon the proposition, which we thought well settled and generally known, that such a distribution does not involve a "sale" requiring prior registration. Some of you sought reassurance on this point.

The considerations which have given rise to the Commission's desire to specify with clarity the meaning and the limitations of the "no-sale" rule are well known. About a year ago when the Director of the Division of Corporation Finance of the Commission, my boss, Mr. Byron D. Woodside, and Mr. Arthur H. Dean discussed Rule 133 and Section 3(a)(9) of the Act. Mr. Woodside said on Jan. 14, 1958:

"It seems clear that, whatever the scope of the theory underlying the original version of the rule, the purpose of Rule 133 was to limit its operations to the mechanics of soliciting and securing the action of security holders and the issuance of the security in the Rule 133 transaction itself for purposes of Section 5 of the Act.[18] It does not purport to deal with subsequent transactions or other actions by stockholders, nor to provide that there cannot also be activities, negotiations and conduct on the part of an issuer and other persons in connection with a merger negotiation (including stockholders who may have voted for or against the merger or not have voted at all) which might raise a question as to the need for registration with respect to a public distribution of a security by persons receiving such security pursuant to the terms of the merger.

"If securities issued in a Rule 133 transaction should be regarded as 'exempted' securities, Sections 4 and 5 may be ignored entirely. Under these circumstances, the witness in an investigation of possible violation of Section 5 might with considerable confidence assert that his stock, being merger stock, was 'free' stock.

"If, however, the rule merely provides a means of escaping registration for the transaction of merger and should, therefore, be viewed as tantamount to a 'transaction' exemption, it would seem to follow that consideration must be given to section 4(1) and Section 5 with respect to any contemplated public distribution following the merger."[19]

Traces Congressional Views

Since that time a very considerable amount of additional research has been made. The legislative history of the statute has again been traced minutely. Prior utterances by the Commission, its members and employees, past and present, have been further reviewed. Comments, arguments, petitions and other materials in the Commission's files and in the literature, lay and legal, have once more been combed. Relevant definitions and interpretations, current at the time of enactment of the Securities Act and since, have been carefully considered. Many items in this vast amount of material are persuasive that the Congress did not intend to exclude entirely from the ambit of the statute *securities* issued in mergers and similar transactions.[20] The legislative history also reveals, however, that the specific question as to mergers and consolidations was presented to the Congress late in the legislative consideration of the original bills.[21] It has been suggested, therefore, that the question whether the operative and liability provisions of the Act could fairly and effectively be brought to bear, in the event registration were deemed a requisite to the submission and consummation of a plan of merger, was perhaps, not fully explored at that time. It has also been suggested that the Congress may have left this problem, as it did others, to be worked out by the Commission pursuant to rule making power to achieve a result consistent with the broad statutory objectives. It does seem consistent with the Congressional intention, as reflected in the provisions of Sections 3(a)(9) and 3(a)(10) (then Section 4(3)), the so-called reorganization provisions of the Act, and in the provisions of Section 4(1), to suggest that, while registration was not intended for the mechanics of the mergers, they were to be subject to the anti-fraud provisions of the Act, and that freedom from registration for subsequent transactions in the securities had to be bottomed upon exemptions relevant and appropriate to those transactions. The first part of this conclusion, I hasten to admit, requires the finding of a "sale."

The staff report rejected the view that the issuance of securities in Rule 133 transactions does not involve a Securities Act sale for any purpose for a number of reasons. It was testified in the hearings on the original bills that the term "sale" was taken as nearly as possible from the then current Uniform Sale of Securities Act.[22] The definition in Section 2(3) of the Act and the definition contained in the Uniform Act, adopted in October, 1929,[23] and reapproved after minor changes in 1930,[24] are remarkably similar. The Uniform Act also included in Section 5 under the caption *"Exempt Transactions"* the following:

"The transfer or exchange by one corporation to another corporation of their own securities in connection with a consolidation or merger of such corporations."[25]

This followed the pattern of the Blue Sky laws. I do not believe that any state then excluded mergers or consolidations from the definition of "sale" although a majority of the states treated them as exempt transactions. The situation is not much different today.[26]

I have already adverted to the fact that the Congress had before

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18 "In 1952, the Commission ruled that Rule 133 would not operate to relieve an issuer of the necessity of qualifying an indenture under the Trust Indenture Act of 1939. In this connection, consideration was given to the interrelations of the *two* statutes and the express purpose of the 1951 restatement of the rule." [Reference should also be made to the opinion in the *DuPont* case under the Investment Company Act of 1940, 34 S.E.C. 531 (1953), in which the Commission expressly overruled its earlier application of the "no-sale" doctrine to Section 17 of that Act. SEE *Phoenix Securities Corporation*, 9 S.E.C. 241 (1941)].

19 Address at The Association of the Bar of the City of New York by Byron D. Woodside, *Mergers, Consolidations and the SEC wih Particular Emphasis on Rule 133 and Section 3(a)(9) of the Securities Act of 1933* (Jan. 14, 1958) at pp. 7-8 (mimeo.).

20 "Reorganizations carried out without such judicial supervision possesses all the dangers implicit in the issuance of new securities and are, therefore, not exempt from the Act. For the same reason the provision [Section 4(3)] is not broad enough to include mergers or consolidations of corporations entered into without judicial supervision." H. Rept. No. 85, 73d Cong., 1st Sess. (May 4, 1933) at p. 16.

21 See *infra*. Note *27*.

22 Hearings before the Committee on Banking and Currency, U. S. Senate, 73d Cong., 1st Sess., on S. 875 (April 3, 1933), p. 76.

23 Handbook, Proceedings of National Conference of Commissioners on Uniform State Laws (1929) at p. 173.

24 Handbook, Proceedings of National Conference of Commissioners on Uniform State Laws (1930), p. 233.

25 Paragraph (f), *Ibid.*, Section 5, at p. 181 (1929) and p. 243 (1930).

Continued from page 27

Rule 133 of the SEC

it a proposal, specifically concerned with mergers, submitted by counsel for the Investment Bankers Association of America.[27] While our records are not clear, it appears that a memorandum was submitted on or about April 18, 1933, after the hearings had been concluded. The proposal, which took the form of a substitute for the original provision of what is now Section 3(a)(9) and Section 3(a)(10), and the reasons for it were:

". . . the present exemption in behalf of corporate reorganizations needs to be clarified to include those cases where the reorganization involves the organizing of a new company or the binding together of several new companies. The definition of reorganization used by the Federal Income Tax Law is a precedent.

"Therefore, to cover both of the above features, we propose a substitute provision for subsection (d), as follows:

"'(d) . . . the distribution of securities issued under a merger or consolidation, or reorganization or recapitalization by the corporation or corporations party thereto or formed pursuant thereto or in connection therewith. . . .'"

Apart from these and earlier references to legislative and other indications, there is serious question on theoretical grounds whether the accepted rationale for the view that a "sale" within the meaning of the Act is not involved in the submission, voting upon and consummation of a merger or similar transaction, is justifiable. The staff report refers, in part, to this matter as follows:

"The 'no sale theory' has been based on the rationale that a merger and the other types of transactions specified in Rule 133 are essentially corporate acts and there is absent the volitional act on the part of the individual stockholder required for a 'sale' in the generally accepted meaning of that term. The basis of this theory is that the exchange or alteration of the stockholder's security occurs not because he consents thereto, but because the corporate action, authorized by a specified majority of the interests affected, converts his security into a different security. This approach, in our view, overlooks the substance of its transaction and ignores the fundamental nature of the relationship between the stockholders and the corporation and between stockholders. It does not seem to us that the mere fact that the relationships are in part controlled by statutory provisions of the state of incorporation must as a matter of law preclude the application of the broad concept of sale as contained in Section 2(3) for all purposes.

"The concepts of 'offer' and 'sale' in Section 2(3) are broader than the commercial or common-law contractual meanings of these terms and embrace situations which would not be regarded as sales in the commercial sense. . . .

"Transactions of the character described in Rule 133 do not, as is often urged, occur *solely* by operation of law and without the element of individual stockholder volition. On the contrary, the common law and statutory law recognize that mergers and similar transactions are possible only within the framework of the contractual relationships between the corporation, the state and the individual stockholders. . . .

". . . The 'operation of law' of the merger transaction merely reflects the fact that when, pursuant to a provision of the contract (whether so stated in the charter or in the state law or constitution) made when he acquired his shares, a specified majority of his fellow shareholders have, in the exercise of their individual discretion, approved a certain type of corporate reorganization, such reorganization is effected 'by operation of law' which is a term of his contract. In hard fact, however, only the shareholder who voluntarily accepts the new security or who negligently fails to avail himself of the alternative right to cash payment, and may be deemed therefor to have assented, is 'bound' by the action of the majority.

"It seems basic that the stockholder faced with a Rule 133 proposal must decide on his own volition whether or not the proposal is one in his own best interests. He is bound by his own action or failure to act. Every merger involves an attempt to dispose of a security—there is an attempt to place a new security in the hands of at least some of the shareholders to whom the proposal is made. Assuming a public offering, the only other problem one faces is whether or not the disposition is one for 'value.' In voting for a consolidation or for a merger, the shareholder of a disappearing corporation is giving up valuable existing rights in that company, certainly value within the meaning of Section 2(3). Should shareholders dissent, in compliance with statutory procedure, they generally command cash payment. Where the right to demand an appraisal exists, the stockholder who votes for the plan voluntarily gives up that right. Thus, where there is an acceptance of the offer by a shareholder either specifically by an affirmative vote, or by implied assent through neglect to assert other rights, there is certainly a sale in the Securities Act sense.

"We believe that the transactions covered by Rule 133 are not excluded from the term 'sale' as defined in Section 2, and we see no reason why as a matter of statutory construction or policy the Commission should take any position which might foreclose or prejudice any rights which a person might have under Sections 12(2) or 17 in a transaction of the type specified in the rule."

Why Rule 133 Repeal Not Advocated

Having reached this conclusion the question properly arises why the staff proposal does not recommend outright repeal of Rule 133. After detailed analysis of the provisions, definitions and requirements of the operative provisions of the Act, as well as the civil liability provisions, it was concluded that the existing rule represents a reasonable interpretation of the Act in the application of the procedural provisions of Section 4 and Section 5 to merger and similar transactions; that it is not inconsistent with the broad purposes of the Act; and that it represents a proper exercise of the Commission's rule making authority.

Section 2(3), by its terms, reflects the fact that a particular transaction may be "sale" for one purpose under the statute but not for others.[28] A specific illustration is found on the face of the statute. An agreement of sale between an issuer and an underwriter is excluded from the term "sale" in Section 2(3), but it nevertheless must be a sale for the purposes of Section 2(11) which defines who is an underwriter. Would the issuer urge, and the underwriter accept, the view that Sections 12(2) and 17 should not apply? The exclusion of this transaction from the provisions of Section 5, whether by express statutory provision or by interpretation of the phrase "unless the context otherwise requires," is necessary because neither the first nor second clauses of Section 4(1) provide an exemption for this first step in what is normally a two-step procedure leading to a public offering of securities.

The staff recommendation should not be understood to reflect the view that there would be insurmountable difficulties in devising rules which would require the filing of a registration statement in respect of a Rule 133 transaction and prescribe appropriate standards of disclosure consistent with the provisions of the statute. It is based upon an analysis of the manner in which other provisions and requirements would operate which persuaded the staff to the view that the prohibitions of Section 5 would not operate effectively and reasonably in Rule 133 transactions.[29] As already noted, such a conclusion was given public expression by the Commission in 1941 in its Report to the Congress on proposed amendments of the Act.[30]

Are There Purchasers in "No Sale" Transaction?

We may turn now to the question of how can someone who acquires shares in a "no-sale" transaction be a purchaser of those shares? I have already noted that the legislative history of the statute supports the view that Congress intended that mergers and other similar transactions be subject to the Act. And I hope you will agree that, as a matter of legal analysis, the merger transaction is fairly within the very broad definition of the term "sale" as used in the Act. At least since 1951, the Commission has said that the "no-sale" doctrine, as reflected in the Commission's Rule 133, is of limited application and that, as the Commission stated when it adopted Rule 133, "Whether or not a sale is involved for any other purpose will depend upon the statutory context, and the question should in no sense be influenced by the rule."[31] The situation is analogous in many respects to that which arises from the making by an issuer of a contract to sell or, indeed, an actual sale, to an investment banker. This is, as we have noted, defined in Section 2(3) as not being a sale when everyone will agree that it is, and no one would suggest that it does not result in the investment banker becoming a purchaser for purposes of Section 2(11) or otherwise. If he purchases with a view to distribution he becomes an underwriter within the meaning of Sections 2(11) and 4(1). It would surprise me a great deal if an underwriter who has been held liable in a suit under Section 12(2), based upon a misstatement in a prospectus, would feel that he could not sue the issuer because the latter had not "sold" to him.

What Constitutes an Underwriter?

This leads me to the next question: Why does the proposed amendment of Rule 133 define some of the purchasers as underwriters, if they take with a view to distribution, and not others? Before treating with this question I would like to restate it. Section 2(11) provides that *any* person who takes with a view to distribution is an underwriter. Leaving aside for the moment the problem of defining what is a distribution, the question should, therefore be why are not all persons who take shares in the merger with a view to distribution underwriters? In other words, why does the proposed rule identify only some of these persons as underwriters and in effect except all the others from language that seems to fit all? To refine the question further, if a person acquiring shares in a Rule 133 transaction is in a control relationship with the issuer, any intermediary distributing such securities for him is clearly an underwriter in view of the last sentence of Section 2(11). It can not seriously be urged that Rule 133 affects this statutory scheme. There is no basis for suggesting that Rule 133 justifies the view that merely because a security is issued in a transaction within the rule it is thereafter to be treated as an exempt security.

While all of us would agree that a deliberate intention to evade registration will vitiate reliance on the rule, this is not a criterion which is satisfactory for determining whether Section 5 shall apply to subsequent transactions. In many cases a transaction is put into a Rule 133 mold as an alternative to a sale for cash by the issuer to provide the funds which the stockholders of the disappearing company really want and have bargained for. Our experience indicates that in many cases it is understood, if it is not a *sine qua non*, that the stockholders of the selling or disappearing corporation are to be in a position to dispose promptly of all or a part of the shares received. In other cases tax or other business reasons determine the form of the transaction.

It does not necessarily follow, however, that every stockholder, who acquires shares in a Rule 133 transaction and intends to resell them, is a statutory underwriter, even if the number of shares involved and the manner of sale would in fact amount to a "distribution." Such a literal construction of Section 2(11) would in many cases be inconsistent with the purposes and policies of the Act. The Commission has not construed Section 2(11) to identify as underwriters public stockholders who intend to distribute shares acquired in a registered rights or other public offering, or in a transaction exempt under Sections 3(a)(9), 3(a)(10), or 3(b).

In some of these situations, substantial blocks of securities, amounting to a "distribution" by any test, are in fact redistributed. It would be an inversion of the purposes and provisions of the Act, however, to subject members of the public, for whose protection the Act is designed, to the duties, responsibilities and liabilities of an underwriter. An important justification for the imposition of such duties and liabilities is that the persons who may be identified as underwriters are in a position to protect themselves in the negotiations and contracts with the issuer which are effected on their behalf.

While the Commission has not publicly drawn the line which separates the underwriter-distributor from the non-underwriter-distributor in all of the situations mentioned, it is considered appropriate to recommend that the Commission do so in the circumstances of Rule 133 transactions.[32] The amendment suggested by the staff proposes to identify essentially two categories of persons who may be considered as underwriters. The first includes the person who, pursuant to some arrangement with the issuer related to the Rule 133 transaction, or with a person in a control relationship with the issuer, proposes to effect a public distribution on behalf of all or some of the persons to whom the shares are issued. In such a situation the issuer apparently has such an interest or obligation to provide for conversion of the shares into cash as to arrange for the distribution —a situation which has the flavor and the substance if not the precise words of "selling for" an issuer, as spelled out in Section 2(11). In any event it is difficult to support the view that the issuer's relationship to the public offering is so remote as to suggest the availability of an exemption under Section 4.

The second category includes the persons who are in a control relationship with a constituent corporation. These persons by virtue of their positions and relations, are in a position to negotiate for and to insist upon registration.[33] Of course, these "purchasers" in the Rule 133 transactions are underwriters only if they take with a view to *distribution*. It is necessary, therefore, to consider this term. While distribution has frequently been considered as synonymous with the term public offering, it is not necessarily always the same thing. An offer to sell 10 shares of a heavily traded stock of a large corporation through a broker using the facilities of a national securities exchange is undoubtedly a public offer. It does not necessarily lead to the conclusion that the broker is effecting a distribution within the meaning of Section 2(11) of the Act. In an attempt to give effect to the distinction between trading and distribution which is fundamental under the statute,[34] the staff has relied on the pattern established in Rule 154 which was designed as a reasonable compromise to solve a similar problem.[35] While this formula does not resolve all the questions and, indeed, raises a number of problems, it does provide a reasonable guide which has proved to be useful and workable.

It was recognized that, as many have suggested, the rule as proposed to be amended may permit substantial distributions free of registration by persons not within these categories, that is, by persons who are not underwriters. This is, however, a situation which we meet every day in other contexts. The statute is not designed to reach every distribution of a security. It is believed probable that under the rule, if amended as proposed, major redistributions will be subject to the registration provisions of the Act.

I hope that I have provided acceptable answers to some questions; that more are persuaded that the proposed amendment of Rule 133 is, in the words of Chester Lane, former chairman of the Committee on Administrative Law of the Association of the Bar of the City of New York, ". . . analytically justifiable, and a proper exercise of the Commission's rule making power"; and that all of you will agree the staff proposal is no more legislative in nature than was the adoption of the Note to Form E-1 or Rule 133 itself.

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26 "Thirty-odd statutes *exempt* some or all of the corporate events specified [in Rule 133], although the exemption is occasionally conditioned on some sort of filing." Loss & Cowett, *Blue Sky Law* (Litttle, Brown & Company, 1958) at p. 346.

27 This was in the form of a memorandum entitled "Senate Bill 875, Securities Bill (Reprint No. 3) Proposed Amendments, Submitted by Counsel For The Investment Bankers of America."

28 In *Schillner* v. *H. Vaughan Clarke Co.*, 134 F. 2d 875, 878 (C.A. 2, 1943), the Court relied on the phrase" . . . unless the context otherwise requires . ." in the opening clauses of Section 2 to justify the conclusion that the word "sale" in Section 2(3) has a broader meaning for Section 12(2) than for Section 5.

29 For excellent discussions of problems which would arise if the registration and prospectus provisions were applicable, see Throop, *In Defense of Rule 133, A case for Administrative Self-Restraint*, 13 The Business Lawyer 389 (1958) at pp. 395-399, 410-416; Purcell, *A Consideration of the No-Sale Theory Under The Securities Act of 1933*, 24 Brooklyn Law Review 254 (1958) at pp. 282-7.

30 S.E.C. Report, *op. cit. supra.*, Note 8, at p. 25.

31 Securities Act Release No. 3420 (1951).

32 For similar actions by the Commission see Rules 140-143 and the proposed new Rule 144 under the Securities Act.

33 For a legislative proposal (and a criticism of it) that persons in a control relationship with a constituent corporation be defined as "issuers" of the security issued to them in the merger by the surviving company, see Purcell, *op. cit. supra.*, note 29, at pp. 287-290.

34 ". . . the Act is, in the main, concerned with the problem of distribution as distinguished from trading." H. Rept. No. 85, 73d Cong., 1st Sess., (1933) at p. 15.

35 Securities Act Release No. 3525 (1954).

N. Y. Bank Questions Equities as a Hedge Against Inflation

First National City Bank leaves little to the imagination after exposing the performance record of various hedges resorted to as shelter against purchasing power deterioration. Concludes "the only way to beat inflation is to prevent it and have money people can trust."

Addressing its analysis of whether there are defenses against inflation for the many who are not skilled in the techniques of various markets and have capital they can risk, the April *Monthly Bank Letter* of the First National City Bank of N. Y. concludes the individual has no foolproof method at all times and the community has none.

The Bank's thorough analysis covers the protectionist claims made for cost-of-living escalation in wages and its extension to bonds and social security payments, variable annuity plans, shift from bonds to stocks in fiduciary funds, and the historic inflationary hedges of gold, art treasures, gems and real estate.

The Worst Inflation

Noting that "there is no lack of evidence that fears of continued inflation have been influencing people's investment decisions," the *Letter* observes an ironical consequence. Namely, "the worst price inflation has been in popular inflation hedges, such as the stock market."

In view of the recently issued Wall Street and SEC strictures and admonitions against recent flurries of speculation, the First National City Bank's assessment of common stocks is of more than casual interest.

The Bank points out that "As for common stocks, the average investment paid off handsomely over the decade. In actual practice, of course, investors do not buy an average stock but a specific issue. Thus average gains can be misleading.

"Many stocks have declined in value, or have become worthless, even though the general market trend has been upward. At the end of 1958 more than one third of all common stocks listed on the New York Stock Exchange were selling below their highs of 1946, 12 years earlier.

"Not only what to buy but when to buy is important. Investors who bought at peak periods in the market have had to be patient indeed. It took 16 of the 30 stocks presently in the Dow-Jones industrial average more than 20 years to get back up to 1929 highs—and four of the stocks still haven't made it. Measured from 1946, 12 stocks took between five and seven years to recapture their '46 high. Two others took more than 12 years and one has not yet regained its '46 peak.

"Picking the right stocks at the right time is no simple matter. The increasing popularity of mutual funds (net sales of shares totaled nearly $1.5 billion last year as against only $433 million five years earlier) reflects a growing willingness on the part of the investor to pay 'load' charges in order to get diversification and expert management. Even so, there are problems of selecting the right fund. The National Association of Investment Companies lists more than 150 mutual fund members.

More on Stocks

"Five other points need to be noted when considering stocks as an inflation hedge.

"First, common stock prices, contrary to popular notion, do not move up in any systematic way with the cost of living. Indeed, stocks have quite often declined at the same time consumer prices were rising. The following table, based on stocks in the Dow-Jones industrial average, gives the record for more than half a century:

Some Common Stock Declines Since 1900 vs. Consumer Price Index

Period—	Stock Prices % Change	Consumer Prices % Change	No. of Months Interval to Recover Stock Price High
Jun. 1901 to Nov. 1903	—46	+ 6	45
Jan. 1906 to Nov. 1907	—49	+ 7	128
Nov. 1916 to Dec. 1917	—40	+19	32
Nov. 1919 to Aug. 1921	—47	— 4	61
Sep. 1929 to Nov. 1929	—48	— 0.4	302
Apr. 1930 to July 1932	—86	—20	287
Mar. 1937 to Mar. 1938	—49	— 1	105
Oct. 1939 to Apr. 1942	—40	+15	63
May 1946 to Jun. 1949	—24	+29	47
Apr. 1956 to Oct. 1957	—19	+ 5	29

SOURCE: November, 1957 "Journal of Insurance"—except for the last two periods which are our own computations.

"Second, at recently prevailing price levels, the stocks of many well-known companies are selling at prices which give a current yield of 2½% and even less. Purchases at such prices can be rationalized by the shrewd investor on a basis of anticipated dividend increases over the years to come. As the following table shows, however, purchases of stock on a yield of 2½% involve either a long period of waiting for a more substantial return, or quite rosy expectations for the future course of dividend payments.

Purchase of Stock Yielding 2½%*

Assumed Rate of Annual Dividend Increase	Years to Equal Return at Top of Column					
	5%	6%	7%	8%	9%	10%
3%	23½	29¾	35	39¼	43¼	47
5%	14¼	18	21¼	24	26¼	28½
10%	7¼	9¼	10¾	12¼	13½	14½
15%	5	6¼	7¼	8¼	9¼	10

*Calculations from Moody's Investors Service.

"Third, when measuring nominal gains, allowance must be made not only for the general rise in prices hedged against, but also for the capital gains tax.

"Fourth, the value of stocks must reflect, in the long run, the earning power of business. This, in turn, will be vitally affected by government programs and policies, taxes, controls and regulations. Rising business profits and dividends do not necessarily follow from higher consumer prices. It is worth noting what happened to common stocks in Great Britain during the years 1946-50 when the Labor Party was in power. During those years—marked by very high taxes, nationalization (and threat of nationalization) of industry, rigid government controls, and basic antagonism towards private business—though the British cost of living rose nearly 22%, prices of industrial shares dropped 17%.

"Finally, using common stocks as an inflation hedge would prove futile if everybody tried it. Shifting to equities would develop accelerating advance in their prices to a point where collapse from overvaluation would almost certainly ensue. In eluding inflation, as in fleeing from a burning theater, the greater the number of people who try to crowd through the same exit the smaller the chance for successful escape.

Putting Money in Commodities

"As for commodities as an inflation hedge, the warehousing of bulk commodities is not a practical enterprise for most people. Dealings in 'futures' markets for cotton, cocoa, wheat, and so forth are pretty much short-term speculative ventures for people not engaged in the particular business, rather than long-term investments. Frequent moves in and out of commodity markets mean commission costs which eat into profits.

"Moreover, commodity prices can register violent swings under the influence of war (or threat of war), weather and crop developments, and changes in government programs and policies. Individually, their movements can be quite independent of the cost of living. It is impossible to anticipate tomorrow's needs for living at today's prices.

"The record for 10 commodities in the past decade is shown in the table. Prices of half were lower than 10 years earlier.

Changes in Spot Prices of Basic Commodities
(Dollars per Unit)

	December 31, 1948	December 31, 1958	% Chg.
Cocoa, lb.	$0.30½	$0.40	+31.1
Copper, lb.	0.23½	0.29	+23.4
Corn, bu.	1.41	1.13	—19.9
Cotton, lb.	0.33	0.34	+ 3.0
Platinum, oz.	91.61	52.00	—43.2
Rubber, lb.	0.19	0.31	+63.2
Silver, oz.	0.71½	0.90	+25.9
Tin, lb.	1.03	0.98	— 4.9
Wheat, bu.	2.27	1.93	—15.0
Wool, lb.	1.80	1.10	—38.9

The Sure Way

"There is no question but that some people have defended themselves against inflation through shrewd (and sometimes lucky) investments in art treasures, commodities, stocks, or real estate. For the most part, however, such people were skilled in the techniques of the various markets and had capital they could risk.

"Not everyone has these opportunities. A person, in good conscience, cannot speculate with funds put aside for family emergencies or for the children's education. And not everyone is financially sophisticated, expert enough to avoid frequent investment pitfalls.

"No one can really know what will be the best inflation hedge in the decade to come. What worked in the past 10 years is not necessarily a guide for the future. All that is sure is that the pattern will be different.

"What this all adds up to is that for the individual there is no foolproof method of protection against inflation at all times and under all circumstances. And for the community as a whole there is no hedge against inflation. The only way to beat inflation is to prevent it and have money people can trust.

"C. Canby Balderston, Vice-Chairman of the Federal Reserve Board of Governors, made this point in a speech last November before the Society of Chartered Life Underwriters in Hartford:

" 'While the majority of investors cannot outrun inflation, they can do something to protect themselves against it; that is, they can unite to fight it by demanding prudence in the management of national affairs and by exercising it in the conduct of their own. In short, they can insist that the nation not spend more than it earns through production and that their government live within its income'."

Mullaney, Wells Adds

CHICAGO, Ill. — Herman J. Eckrich, Jr., Richard G. Muench, and Marjorie H. Rosen have become associated with Mullaney, Wells & Company, 135 South La Salle Street, members of the Midwest Stock Exchange, as registered representatives.

Chas. A. Day Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Alfred J. Sparks has joined the staff of Chas. A. Day & Co., Inc., Washington at Court Street, members of the Boston Stock Exchange.

Hunter Parker Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Bruce A. Wood has been added to the staff of Hunter Parker, Connaway & Holden, 430 Southwest Morrison Street.

Joins Taussig, Day

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill. — William E. Smothers is now with Taussig, Day & Co., Inc., First National Bank Building.

With H. C. Wainwright

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Kendall F. Hatch is now affiliated with H. C. Wainwright & Co., Casco Bank Building.

Harry L. Nelson Will Retire From Business

CHICAGO, Ill.—Harry L. Nelson, associated with Blyth & Co., Inc. in the trading department, will retire as of April 30, after almost 26 years in La Salle Street. Mr. Nelson plans to live in Phoenix, Arizona.

Harry L. Nelson

A party in his honor will be held at the Attic Club on April 20. Lester J. Thorsen, Glore, Forgan & Co., is in charge of arrangements.

FHLB Notes Offered

Public offering of $80,000,000 Federal Home Loan Banks 3.80% non-callable consolidated notes dated April 15, 1959 and due Jan. 15, 1960 was made yesterday (April 1) through Everett Smith, fiscal agent of the Banks, and a group of securities dealers. The notes were priced at 100%.

Net proceeds from the offering, together with current funds of the Banks, will be used to retire $106,000,000 notes maturing on April 15, 1959.

Upon issuance of the new notes and retirement of the notes due April 15, outstanding indebtedness of the Federal Home Loan Banks will have been reduced by $26,000,000 to $680,235,000 principal amount.

Joins Lakewood Secs.

(Special to THE FINANCIAL CHRONICLE)

LAKEWOOD, Ohio — Peter B. Selover is now associated with Lakewood Securities Corporation, 14714 Detroit Avenue.

Now With E. I. Hagen

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Donald J. Mansfield is now with E. I. Hagen & Co., American Bank Building.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John L. Reynolds is with Keller & Co., 31 State Street.

Joins Jay C. Roberts

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Everett H. Talmadge is now with Jay C. Roberts & Co., Third National Bank Building.

With I. M. Simon

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.— John P. Stephen is now with I. M. Simon & Co., 315 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Joins Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Harry D. Franklin has become connected with Westheimer and Company, 322 Walnut Street, members of the New York Stock Exchange.

Westheimer Adds

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Lawrence G. Stevens has been added to the staff of Westheimer and Company, Third National Bank Building.

Joins Ross, Borton

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Paul G. Campbell is now connected with Ross, Borton & Co., Inc., The 1010 Euclid Building.

Continued from page 4

The State of Trade and Industry

the rest of the economy reached levels of high prosperity.

Probably the major factor in this pattern has been the changing availability of mortgage credit, as competing demands for long-term funds tended to rise and fall with the cyclical swings of the economy as a whole. The up and down movement of mortgage financing has been based mainly on variations in Federally insured mortgages. These have tended to be placed at a competitive disadvantage by their interest rate ceilings in periods of strong demands for funds in the capital market and rising interest rates. Conventionally financed home construction, on the other hand, has remained relatively stable, in large part due to the free movement of interest rates on conventional mortgages.

Nationwide Bank Clearnings Up 3.1%

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, April 4, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 3.1% above those of the corresponding week last year. Our preliminary totals stand at $23,264,410,480 against $22,555,660,385 for the same week in 1958. Our comparative summary at the principal money centers was as follows:

Week Ended April 4—	1959	1958	%
New York	$11,907,396,047	$12,531,020,222	— 5.0
Chicago	940,864,280	932,419,676	+ 0.9
Philadelphia	1,182,000,000	804,000,000	+47.0
Boston	715,764,119	680,360,253	+ 5.2

How Long Could Steel Users Hold Out in Event of a Steel Strike This Summer?

A steel strike would begin to pinch some steel users after a month or even less, according to "The Iron Age," national metalworking weekly.

On the basis of a nationwide survey of mills and their customers, "Iron Age" came up with these conclusions on how long industry would hold out in event of a steel strike this summer:

(1) By June 30, possible steel strike deadline, over-all steel inventories, including some semi-manufactured items and components, will exceed 20 million tons. This would be enough to last 90 to 100 days, were it evenly distributed, which it will not be.

(2) A small minority of users would be in trouble after about a month. Not serious trouble, but enough that they would begin to pressure anybody who would listen to get steel plants back into production.

(3) Most steel users hope to have enough on hand to maintain otuput for 60 days. At least that is what they are shooting for. They figure a steel strike would not be allowed to go on for more than 60 days, anyway.

(4) After a month and a half, everybody would be so scared that the pressure for a settlement would be irrestible.

(5) Even if you discount the steel users who habitually cry "wolf" just to stir up some excitement, some companies have not been able to build inventories to what they consider a "safe" margin. And the reason is that their own business has been so good that they are using more steel than they thought they would be.

In this latter group also, said "Iron Age," are the steel users who have decided there is no point in building up a heavy inventory. They are assuming steel contract negotiations will be settled peaceably. These companies will be crying for help within a very short time, should there be a strike.

"Iron Age" said the strength of the economic comeback has caught some steel users off guard. It quotes a Cleveland fabricator:

"We started inventory building in February by projecting our order pattern. We had hoped to have a three-month inventory on hand by the end of June. But orders have picked up so fast in the last few weeks that the steel is going out the front door as fast as it is coming in the back."

The metalworking weekly said that if there is no strike, the steel operating rate will drop—but it won't collapse. It explained that the mills now figure the general economy is strong enough to make July a good month for steel. The outlook for the last five months of the year is uncertain.

Week's Steel Output Largest in History

Last week's steel production of 2,661,000 net tons for ingots and castings was the largest in history, "Steel" magazine reported April 6.

Steelmakers operated their furnaces at 94% of capacity, up 1 point, and beat the previous week's output by 30,000 tons, the metalworking weekly said.

During March, they set a monthly record: 11.5 million tons. Their best previous effort was 11,048,513 tons in October, 1956.

Eleven out of 12 of the magazine's steelmaking districts operated above 90% of capacity.

Scrap prices declined to a new low for the year despite this record steel output. "Steel's" composite on No. 1 steelmaking scrap dropped to $37, off $2.33 from the preceding week. One explanation for mills not buying dealer scrap could be their expectation of a steel strike. Mills are still depending on hot metal, home scrap, and metal returned by customers.

The steel stockpile situation is mixed, the magazine said. Some consumers will have enough metal to weather a long steel strike, but others will be caught short.

Last month, steel users added about 1.5 million tons to inventories even though they chewed up steel faster than they had anticipated. In April, another 1.5 million tons will be added. By June 30, users will have upped stockpiles to 21 million tons (from 13 million on Jan. 1), even though the figure is lower than anticipated earlier.

A transportation tieup in steel deliveries is feared, "Steel" said. Finished steel is piling up on shipping platforms because trafficmen cannot get the freight cars, trucks, and barges they need. Problems:

(1) On some railroads, 25% or 30% of the cars need repairs.

(2) Many of the independent truckers did so poorly in 1958 that they could not maintain their equipment and can't pay for the 1959 licenses.

(3) Some consumers became so enamored of truck service when they were living on minimum inventories that they poured blacktop over their railroad sidings. Now they cannot get trucks and are in no position to accept rail shipment.

(4) Winter floods destroyed many barges.

A "Steel" quarterly survey shows that buyers expect to continue building up inventories on castings, motors, gears, fasteners, forgings, and other components in the second quarter. Components are a bellwether of industrial activity.

In stockpiling for the expected steel strike, component buyers have bumped into two problems: (1) The recovery has boosted business, diminishing supplies earmarked for summer. (2) The rush for goods has booked producers well in advance, slowing some deliveries.

Steel Production Continues to Mount

The American Iron and Steel Institute announced that the operating rate of steel companies will average *164.2% of steel capacity for the week beginning April 6, equivalent to 2,638,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *164.2% of capacity and 2,638,000 tons a week ago.

Actual output for March 30 week was equal to 93.2% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for the week of March 30 is 93.2%.

A month ago the operating rate was *162.1% and production 2,604,000 tons. A year ago the actual weekly production was placed at 1,308.000 tons, or 81.4%.

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

March Auto Output 61% Above Year Ago

After coming up with a March production total that surpassed the same month a year ago by 61%, U. S. passenger car makers are preparing their assembly plants for an April effort that will top the corresponding month last year by 82%.

Ward's Automotive Report said on April 3, that the industry turned out 576,085 cars last month compared to 357,049 in March, 1958.

In prospect for April are 577,400 units, third-highest April total in history behind record 1955 (753,851) and 1953, (601,472). Volume in April, 1958 was 316,503.

Ward's said the first-quarter car yield this year was 1,600,359 units, 29% higher than last year (1,238,697).

According to the statistical publication, present assembly rates indicate the two millionth car of the year will be built around April 22, eight weeks ahead of last year when the two million point was reached June 17.

Estimated for this week was output of 133,965 cars, 10% more than last week (121,832), when Easter holiday programming kept production in check. This week's count bettered the corresponding week last year (64,318) by 108%.

Ward's said the only assembly plant failing to operate at least five days this week was Ford Motor Co.'s Los Angeles factory, closed since March 19 while Ford and Mercury assembly operations are being integrated. The plant resumed work Monday (April 6).

Planning Saturday car output were American Motors, Plymouth in Detroit and Los Angeles and Ford Division in Atlanta, Chester, Dearborn, Louisville and San Jose.

Truck scheduling this week was set at 25,790 units, 1% above last week (25,535) and 53% over the same week last year (16,888).

Electric Output 11.4% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 4, was estimated at 12,618,000,000 kwh., according to the Edison Electric Institute. Output the past week was below the level of the preceding week and marked the third successive weekly decline.

For the week ended March 28 output declined by 91,000,000 kwh. below that of the previous week, but showed a gain of 1,292,000,000 kwh. or 11.4% above that of the comparable 1958 week.

Car Loadings 13.4% Above Corresponding 1958 Week

Loadings of revenue freight for the week ended March 28, 1959, totaled 603,755 cars, the Association of American Railroads announced. This was an increase of 71,482 cars, or 13.4% above the corresponding week in 1958, but a decrease of 91,167 cars, or 13.1% below the corresponding week in 1957.

Loadings in the week of March 28, were 577 cars, or one-tenth of 1% above the preceding week.

Lumber Shipments Again Exceed Production

Lumber shipments of 488 mills reporting to the National Lumber Trade Barometer were 5.6% above production for the week ended March 28, 1959. In the same week new orders of these mills were 3.7% above production. Unfilled orders of reporting mills amounted to 41% of stocks. For reporting softwood mills, unfilled orders were equivalent to 21 days' production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 1.0% above production; new orders were 5.7% above production.

For week ended March 28, as compared with the previous week, production of reporting mills was 0.8% below, shipments were 4% below; new orders were 1.2% below. For the latest week, as against the corresponding week in 1958 production of reporting mills was 8.3% above; shipments were 9.3% above; and new orders were 7% above.

Business Failures Down in April 2nd Week

Commercial and industrial failures declined mildly to 284 in the week ended April 2 from 297 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were considerably less numerous than a year ago when 352 occurred, but they remained well above the 231 in 1957. Continuing below the prewar level, failures were down 4% from the 295 recorded in the similar week of 1939.

Casualties involving liabilities of $5,000 or more accounted for all of the week's downturn, falling to 241 from 265 in the previous week and 306 last year. On the other hand, small failures, those with liabilities under $5,000, increased to 43 from 32 a week ago, and came close to the 46 of this size in the corresponding week of 1958. Twenty-four of the failing businesses had liabilities in excess of $100,000 as against 42 last week.

Wholesale Food Price Index Down Fractionally

There was a fractional decline last week in the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc. On March 31 the index slipped 0.5% to $6.16 from $6.19 a week earlier. It was down 6.7% from the $6.60 of the comparable date a year ago.

Commodities quoted higher in price this week were wheat, corn, rye, beef, lard, cottonseed oil, and hogs. Lower in price were flour, barley, bellies, butter, milk, cocoa, and eggs.

The Dun & Bradstreet Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Off Moderately

Reflecting lower prices on steel scrap, hogs, lambs, and sugar, the general commodity price level fell moderately this week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., declined to 278.73 on April 6 from 279.66 a week earlier and was below the 281.43 of the corresponding date last year. On April 1 a new 1959 high of 280.05 was reached.

Although corn prices slipped at the end of the week, they finished appreciably higher than a week earlier; corn volume expanded noticeably and supplies in many markets were light. Both domestic and export buying of wheat moved up and prices finished moderately higher. Purchases of rye were steady and prices remained close to the prior week. While oats prices were lower at the beginning of the week, they picked up at the end of the period. Expectations of increased exports to Canada encouraged the buying of soybeans, and prices increased substantially.

Domestic purchases of flour lagged during the week and export inquiries were down noticeably. Flour prices dipped moderately and stocks expanded somewhat. There were some scattered orders for rice and prices matched those of the preceding week. Exports to the Far and Near East areas and to Cuba are expected to pick up in the coming weeks.

Sugar prices slipped somewhat and trading was steady. The buying of coffee rose appreciably, but prices remained at prior week levels. Although cocoa trading was steady, prices slipped at the end of the week and finished fractionally below a week earlier.

Hog receipts in Chicago expanded somewhat this week, but prices declined moderately; trading was close to the prior week. Cattle receipts were steady, but transactions slipped slightly; prices on steers matched those of the preceding week. There was a slight decline in lamb prices, while trading and supplies were steady.

Cotton prices on the New York Cotton Exchange moved up at the start of the week, but declined at the end of the period finishing unchanged from the prior week. United States exports of cotton in the week ended last Tuesday came to about 47,000 bales, compared with 61,000 a week earlier and 100,000 in the similar period last year. For the current season through March 31 exports were estimated at 2,071,000 bales, compared with 3,779,000 in the comparable period a year ago.

Easter Week Sales Exceeded Last Year's

Although bad weather cut gains in some areas Easter Week, consumer buying matched that of the prior week and exceeded that of both the similar calendar week a year ago and the 1958 Easter week. Noticeable year-to-year increases in apparel offset declines in most home furnishings lines. Interest in new passenger cars was sustained at a high level and noticeable gains over last year were maintained, according to preliminary reports.

The total dollar volume of retail trade in the week ended April 1 was 4% to 8% higher than the similar calendar week a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: East North Central and Pacific Coast +7 to +11; West North Central and South Atlantic +6 to +10; East South Central and West Central +3 to +7; Mountain —2 to +6; Middle Atlantic —1 to +3; New England —2 to +2.

The most noticeable gains over last year in women's apparel occurred in dresses, accessories, and suits; volume in sportswear and coats was up moderately. Increases in men's apparel were somewhat less noticeable; best-sellers were suits, neckwear, hats, and knit shirts. Interest in men's topcoats remained close to a year ago. The buying of children's merchandise advanced appreciably over the similar 1958 week.

Despite slight increases in upholstered chairs, retailers reported a moderate year-to-year decline in over-all furniture sales. While purchases of floor coverings and draperies were close to a year ago, sales of linens were down appreciably; the usual post-Easter rise in linens is anticipated in the coming weeks. Decreases in refrigerators, laundry equipment, and television sets held total appliance sales moderately below last year.

Nationwide Department Store Sales Up 16%

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended March 28, advanced 16% above the like period last year. In the preceding week, for March 21, an increase of 17% was recorded. For the four weeks ended March 28 a gain of 12% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended March 28 showed a 2% increase from that of the like period last year. In the preceding week, March 21, an increase of 16% was reported and for the March 14 week a 7% decrease was recorded. For the four weeks ended March 28 an increase of 2% was noted over the volume in the corresponding period in 1958.

Securities Salesman's Corner

By JOHN DUTTON

Construct a Solid Clientele

This column is written primarily to offer ideas to salesmen who creatively build their business upon service, performance, and sound merchandising principles. It is not intended that some of the ideas presented are always applicable to every specific salesman's particular purposes, but most certainly the suggestions we offer this week can be thoughtfully considered by everyone selling securities creatively. Quite frankly, there are some fortunate securities men who are primarily order takers, and although they may also have their problems, I doubt if they need be concerned too much about their future production. If you control some very large institutional, fiduciary, or family business, you may at times need to act like a salesman but the problem of obtaining and keeping accounts is not the same as it is for most securities men who work in the highly competitive area of this business.

Plan for Tomorrow

Although I believe that one can be a very strong optimist about the future of the securities business during the next decade, I am also aware that certain very obvious and historical facts must be recognized, to wit:

(1) The salesman or customer's representative who sells stocks to the general public operates in a volatile and cylical business.

(2) The buying habits of his clients tend to swing from the heights of optimism to overoptimism and then plummet to pessimism where a period of semi-stagnation takes place. After a certain time, usually depending upon the strength and duration of the speculative excesses that proceeded it, a recovery then sets in.

(3) Due to the present income tax laws which severely penalize a salesman who may be in the 50% bracket, or above, during a few peak years, and then his income dwindles in the years following a great boom in the securities markets to a fraction of its former size, the problem of setting up reserves for the lean years is more complicated than it would be in a more stable profession.

Prepare for Tomorrow

One of the soundest ways to obtain the insurance of future earning power is to diversify your business. The man who sits back in times like the present and rides a few large trading accounts to which he has added the many speculative stock traders that come into what I think is now the final leg of a great bull market, is only deluding himself if he thinks he has a sound clientele. (This final leg of the present bull market may be of several years' duration). But when we do have a correction, and come it will even if several years from now, the man who depends solely upon speculative accounts will regret that he did not encourage some investment type business as well.

It is easy to sit back on your laurels. It is not very difficult to rationalize your efforts during a busy day at the telephone by saying that you are too tired to write a letter to some new prospect who may become an investment account, or make a call on some other prospective investor who might become a client, but unless you do put out that effort you won't do it tomorrow either.

Having learned this lesson in the thirties, and having rebuilt two clienteles in my lifetime, I don't want to do it again in the sixties if we should run into several years of a bear market, investor apathy, and declining business. It is as simple as that. What to do then? Today my clientele is built along the following lines: three-tenths of my production is in tax-exempt bonds to banks, institutions and individuals; about one-tenth in mutual funds; one-tenth nationally syndicated new issues of common stocks; four-tenths general market stocks; one-tenth local issues and bank stocks. Possibly not more than 5% of my clients are traders and outright speculators. I don't consider these people clients but just occasional buyers of speculative stocks. Their trading business they take elsewhere.

There is one other place you can diversify, and that is in adding to the number of medium size accounts that you have which are profitable for you to handle. The very small account that is a headache and a time-waster should be discouraged. If a customer doesn't waste your time then no account is too small. Add more medium sized accounts, and strive for the larger investment accounts too by all means, but don't find yourself concentrating too much on a few large accounts while you neglect the bread and butter elements of your business.

The formula is simple—diversify your business as to the type of securities you sell. Bonds will someday be more popular than today, stocks less so, and good mutual funds, local securities and bank stocks are usually saleable in both good times and bad. Keep adding more accounts as long as you can service them properly and don't depend too much on a few large accounts. Try and do a constructive job and cooperate fully with the best statistical and research facilities at your command. Work harder when you are busy and you won't have to work so hard when times are not so good. The best savings account you can have for a rainy day is *customers who will give you some orders*. Then you may also be assured that they too will benefit by having the investment savvy to buy stocks when other people don't want them. Investors sometimes know this — *speculators never do.*

Joins E. F. Hutton Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gilbert J. Shea, Jr. has joined the staff of E. F. Hutton & Co., 623 South Spring Street. He was formerly with J. Barth & Co.

Mitchum, Jones Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George K. Freeman has been added to the staff of Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Now With Morgan & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert H. Desbrow is now affiliated with Morgan & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange. He was formerly with Dempsey-Tegeler & Co. and First California Co.

2 With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John B. Dunbar, Jr. and Walter F. Madden are now connected with Shearson, Hammill & Co., 520 South Grand Avenue.

Stephenson, Leydecker Add

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Thomas G. Howard is now with Stephenson, Leydecker & Co., 1404 Franklin Street.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—David N. Cohen has become connected with Merrill Lynch, Pierce, Fenner & Smith, Inc., 311 C Street.

Brooks & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Louis M. Aubert has been added to the staff of Brooks & Co., 333 Pine Street, members of the Pacific Coast Stock Exchange.

Continued from first page

An Economic Program To Stop Unceasing Inflation

concede that there is no unemployment in Russia and China—and they are achieving a startling rate of economic growth. The stability of the price level or inflation is not vital under their system because they are not concerned about profits, wages, fringe benefits or savings. And, neither are they concerned about the freedom of the individual—which is the very cornerstone of our society.

I have said it before, and want to say again, that to achieve our objectives will always be a source of great political and economical controversy because everyone wants a greater share of the economic pie than it contains. Government and other public bodies want more money to spend—the leaders of organized labor want more pay and fringe benefits for less hours of work — business presses for further profits — and increasing ranks of oldsters call for higher pensions. However, everyone expects these benefits in dollars of stable purchasing power. Unfortunately, all the economy has to divide are the goods and services it is able to produce—and not the amount of money it could create, which is, of course, limitless.

Centralized Agreement

In our society, this situation is creating a dilemma for the members of Congress whose constituents want easy money, lower prices, higher wages, greater profits and fewer taxes. Only a combination of the government, Congress and the Federal Reserve can successfully deal with these diverse forces. To do this adequately it would be necessary for them to agree on the problems and have the courage to act, regardless of political conditions. This is possibly more than we can expect.

During the bottom of the recent recession, with more than 5,000,000 unemployed and a large excess productive capacity, for the first time the country was confronted with increased wages and fringe benefits on the part of organized labor, and increased prices on the part of big business. In order to meet recession problems, the government expenditures were substantially increased. This, together with the reduction in the tax intake, brought about by the recession, will create in the fiscal year of 1959 a cash deficit of about $13 billion. The Federal Reserve supplemented the government's fiscal policy by an easy money policy which brought about a material growth in the money supply. Although the fiscal and monetary policy on the part of the Treasury and the Federal Reserve has brought about a rapid and substantial recovery, there are, at this writing, still over four million unemployed and considerable excess capacity. Notwithstanding this situation, new demands on the part of organized labor are in the offing—no doubt to be followed by further price increases.

Dangerous Inflation Psychology

The large government deficit and the Fed's easy money policy, together with increased wages and prices despite the unemployment and idle facilities, has created a dangerous inflation psychology. This is reflected in the strength of real estate prices and especially in the soaring prices of stocks. Concurrently, we have seen the skidding market for bonds and mortgages — particularly the securities of the Federal Government. This developing situation caused the Federal Reserve to reverse its easy money policy —thus slowing down the growth of the money supply. On the other hand, the Federal Government is promising to bring about a balanced Federal budget.

To continue an easy money policy and substantial budgetary deficits until the economy had reached its full potential of employment and production would inevitably bring about a serious inflationary situation. I do not believe it possible to have all of the freedoms which we demand, on a basis of stable prices and, at the same time, have full utilization of our manpower and productive facilities. The communist world meets this problem by the sacrifice of the personal freedoms.

Our unemployment situation is very spotty. In some areas there is serious unemployment — some of which is no doubt due to union demands pricing the workers out of the market. In other areas, however, shortgages are developing, particularly among skilled workers. Russia would manage this situation by moving the workers to where the work is, or would develop work where the people are — whichever was the most economically desirable. The wishes of the people would not be a factor in the decision.

Would Aid Depressed Areas

It may be desirable for the government to give assistance in those depressed areas where there is serious unemployment by making funds available where new industries can be developed or old industries be revived. This, however, can only be successfully done through the combined efforts of private enterprise and the local and state governments, assisted by the Federal Government. An extension of unemployment insurance payments, as a temporary expedient, seems to me to be indicated in the present situation.

I believe that the present inflationary dangers confronting the country call for the monetary and credit policy being now carried out by the Federal Reserve and the fiscal policy announced by the government—of achieving a balanced budget at the earliest possible date.

The government's only source of income is what it takes from the economy in taxes and what it can borrow from the savings of the public. If this is insufficient, they must rely upon credit from the commercial banking system made possible by the Federal Reserve. This operation creates new money and, under present conditions, is inflationary. The government is having great difficulty in refunding its huge maturities, as well as raising new money to meet its deficit—even though it is paying the highest interest it has paid for many years. This indicates that the public is losing confidence in the stability of our currency. This loss of confidence forces the government to rely increasingly upon very short-term financing through the commercial banking system with the assistance of the Federal Reserve—which only adds further to inflationary pressures.

The long-term interest rate is not greatly influenced by the monetary policy of the Federal Reserve. It depends primarily upon the amount of investment and savings funds available in the market and the choice made in how these funds shall be invested. The rates offered on bonds and mortgages have been going steadily up in an attempt to attract investment funds away from other markets — these funds are going into stocks and real estate at an accelerated pace in an effort to hedge against our depreciating dollar. From this situation it should be apparent that the government cannot continue to finance heavy deficits unless it is to ignore the inflationary impact of such financing. It certainly cannot finance more than a $40 billion defense program (which, in my opinion, is beyond the needs for adequate defense), and at the same time meet all of the other demands made upon it — unless the American public is willing to further increase its tax burden. This, however, is already excessive when the total tax take —national and state—is considered.

States We Cannot Meet All Demands

We all recognize the many new economic and social problems which are crowding in upon our economy from every direction. These are due to the rapid population growth, as well as the need to maintain and improve our position of strength throughout the world. Worthy, as are the many programs the government is called upon to sponsor and support, such as highway programs, foreign aid, health, aid to education, agriculture, conservation, and many others, the country does not have capacity to meet all the demands made upon it. The members of Congress who are so willing to sponsor and vote for programs which unbalance the budget should be just as willing to vote for unpopular tax increases necessary to pay for them.

There is an increasing laxity and waste in the appropriation and expenditure of public funds. There always seems to be a tendency on the part of governments and public bodies to go on increasing expenditures and taxes, thus helping to feed the endless self-serving demands of their influential constituents—very often not in the public interest.

In my opinion, now is the time to face this budget problem. I realize that every appropriation represents a political struggle. Nevertheless, each should be considered only in the light of its present need and the real public interest. We all know there is a place in a budget of $78 billion for substantial economies in the aggregate. No doubt the defense program, which represents nearly 60% of the budget, is a good place to begin. It is hard for me to believe that a realistic streamlined program for adequate defense, eliminating duplication and obsolescence, would not strike plenty of pay dirt. Likewise, there needs to be a close re-appraisal of the foreign aid program with an eye to eliminating waste, duplication and greatly reducing its tremendous overhead. The huge and increasing cost of the farm program, running at a rate of more than $6 billion net this year, is no longer justified on any basis. A solution must be found which will greatly lessen this burden on the taxpayer.

If one can credit the reports in the press, a good place to set an example for economy would be in the White House where over $5 million is being spent this year to run that establishment with a requested increase for next year of $332,000. This is more than twice the Truman budget for the same purpose during his last and most expensive year.

Further, the nepotism in Congress and other extravagances are shaking the public confidence in the good judgment of our lawmakers. I note that the Chairman of the Joint Economic Committee is aware of some of the extravagances and abuses since he proposes to sharply reduce the number of limousines and chauffeurs used by the government from 99 to 35.

It is being said recently that an adequate defense is more important than a balanced budget. I don't believe they necessarily have any relationship. If we need a deficit in order to maintain economic stability because of a deflationary development, we should have a deficit — whether for defense or any other purpose. We may need a deficit without a large defense program to maintain production and employment, but we should not permit a deficit solely for the purpose of maintaining an adequate defense program if the effect of so doing is inflationary. Such a situation demands an increase in taxes or a reduction in other expenditures, or both, if the objective is stable money.

Dilemma in Curbing Wage-Price Spiral

I have attempted to show, in a general way, the uses that can be made of the fiscal policy of the government and the monetary and credit policy of the Federal Reserve to maintain economic stability. However, it is becoming increasingly clear that even with a balanced Federal budget, monetary and credit policy are entirely inadequate to maintain reasonably full employment and production, on the basis of stable prices. With the economy running in high gear there is little or no resistance to labor demands on the part of business, because business finds it easier to pass on to the public their increased costs. Competition for labor, as well as the products of big business, largely disappear under conditions of full production and employment. Under these conditions, unless the Federal Reserve curbs the growth of the money supply, or the Federal government develops a substantial budgetary surplus, the wage-price spiral would continue with devastating inflationary effect. On the other hand, the dilemma is, that by curbing these inflationary pressures, recession is brought on with resulting unemployment and idle facilities.

Rejects Creeping Inflation as Solution

It has been said that "creeping inflation" is the best answer to this dilemma. I do not believe it is any answer, for the reason that the cornerstone of capitalistic democracy rests upon the savings of the public. These constitute the principal source of capital accumulation upon which the growth of our system depends. Why should anyone buy life insurance or annuities, government or municipal bonds, utilities or railroad bonds, mortgages, or any other kinds of fixed interest-bearing obligations payable at a future date in dollars depreciated at the admitted "creeping inflation" rate of 2-3% a year? For the government to sell such obligations and to permit conditions to develop where not only their obligations but all other fixed dollar obligations are being paid, including interest, in dollars depreciated from 2-3% to 50%, depending upon the maturity dates —is to say the least immoral if not downright dishonest.

The reason the public has bought such a vast amount of insurance and saved tens of billions of dollars in other forms of fixed income is because they believed their government would protect the integrity of their savings. The real danger confronting the country now is that our people, as well as foreigners, are beginning to expect "creeping inflation" and, maybe worse, that our government will do nothing about it. Their preference for low-yielding stocks rather than high yielding bonds and mortgages is an indication of their fears of further inflation.

Escalation has been suggested as a means of equalizing the depreciation in the purchasing power of the dollar, in the case of pensioners and owners of fixed income obligations. This is an interesting idea, but it constitutes built-in inflation. It takes away all restraint and would, therefore, accelerate it. And what would become of people and institutions that have bought in good faith, and own present outstanding obligations? And what would happen to the needed stability of the American dollar in the world market under these conditions — when it took more than $2 billion in gold last year to stabilize it?

Nothing More Urgent

Nothing is more urgent, unless it be an adequate defense, than to arrest the growing belief in the inevitability of inflation, and to organize our economic affairs so that faith in the integrity of our dollar be re-established at home as well as throughout the world.

We all agree with the desirability of the objectives which the Joint Economic Committee is considering — substantially full employment and an adequate rate of economic growth, while at the same time preventing inflation. However, I must confess that in the light of developments I see some formidable hurdles ahead, requiring courageous decisions by government, if we are to have any degree of success in attaining them.

Belabors Labor

The leaders of the huge labor union organizations and their affiliates, representing more than one-fourth of the working force, largely dictate the wages and fringe benefits without control of any kind, in all of America's basic industries. Through their monopolistic power they have been able to wring from the economy benefits far in excess of their contribution to it. These excess benefits have largely been passed on to the public in increased prices. This development is and for some time has been the principal reason for inflationary developments. I understand that the steel workers union, numbering 1,250,000 workers, will demand from the steel industry when its present contract expires June 30, a billion dollar package as a price for renewing its contract. If all of the other workers of America —more than 65,000,000—were to demand and receive these same benefits it would add $52 billion to the costs of goods produced. There would be nothing "creeping" about the resulting inflation.

The rate of growth in national productivity should be the basis of wage increases and fringe benefits. This is in the range of from 2-3% annually. Such limits would permit a just share of productivity gains to go to the consumer, and leave a fair return on invested capital without increasing prices.

It may be expected that the employer could and should absorb most of these added costs; however, let us consider what the amount of business profits are and what happens to them. According to a study by the Twentieth Century Fund, total wages and salary disbursements were 50% of the national income in 1929—and 73% of it in 1955—whereas dividends decreased over the same period from 5.8% to 3.9% of that income. The workers' share of the national income from 1950 to 1957 increased by 10% — whereas the business share, represented by profits of all corporations, has decreased by 33%. It is apparent from these figures that business cannot absorb out of profits, as organized labor contends, increased wages without increasing prices. Retained corporate earning is the greatest source of new capital for industry.

If corporate profits were eliminated, as is the case in a communistic society, there would be very little difference in the prices paid by consumers for goods and services. Corporate profits, after income taxes, amount to about 6% of the national income. Approximately one-half of this amount, or 3%, is disbursed as dividends. The balance, or 3%, is retained in the business. Of the dividends disbursed, it is estimated that the Federal Government collects between 1% and 1½%, leaving the remainder to the shareholder to spend, or to save.

Cheap Price for Progress

If the corporations and their shareholders did not exist, the amounts collected by the government from them in taxes, and the amount retained in the business, would have to come out, in one way or another, of the national product. Therefore, the total consumer purchasing power would not be increased more than 1½%—2% even if business profits were eliminated entirely. I think this is an extremely cheap price to pay for the benefits we reap from the system of capitalistic democracy.

He Would Control Labor Power

It should be apparent that unless the government and the Congress has the courage to control the rapidly growing monopolistic powers of organized labor, further inflation is inevitable. The only alternative is to stop the growth of the money supply; ultimately bringing with it heavy unemployment and idle facilities.

We cannot tolerate having private groups dominate our government and our economy by means of organized monopolies. For a few men at the top to exercise such power in effect constitutes a private dictatorship of public policy and must, in the interest of our country, as well as in the real interest of the rank and file of labor itself, be courageously dealt with by both political parties. This can no longer be considered a party issue. It has assumed the proportions of a national issue, almost as important as defense.

Great Lakes Natural Gas Stock Offered

John G. Cravin & Co., New York City, is offering an issue of 150,000 shares of common stock (par 25 cents) of Great Lakes Natural Gas Co., Inc. at $2 per share.

Great Lakes is a Pennsylvania corporation engaged in the business of acquiring oil and gas leases, sinking and operating oil and gas wells in the State of Pennsylvania.

The net proceeds from the sale of the shares are to be used to pay for drilling operations and to increase working capital.

Phila. Secs. Ass'n To Hear; Announce Annual Outing

PHILADELPHIA, Pa.—Joseph C. Wilson, President of Haloid-Xerox Company, Rochester, N. Y., will address a luncheon meeting of the Philadelphia Securities Association on Tuesday, April 14, at the Barclay Hotel.

Spencer D. Wright, III, President, of the Association at the same time announced that the annual outing of the Association will be held on Friday, June 19, at the Overbrook Golf Club, Bryn Mawr, Pennsylvania.

Two With Samuel Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Dudley H. Hosea, Jr. and David Zohn are now connected with Samuel B. Franklin & Company, 215 West Seventh Street. Mr. Hosea was formerly with Thompson & Sloan, Inc.

Railroad Securities

Pittsburgh & Lake Erie

Barring a long strike in the steel industry, earnings of the Pittsburgh & Lake Erie Railway are expected to expand considerably over those of 1958. This railroad is highly dependent on heavy industry for its revenues and consequently was adversely affected by the low rate of steel operations and the drop in automobile production last year.

The Shippers Advisory Boards have forecast that iron and steel carloadings in the second quarter of this year will run 47.9% above the like 1958 quarter; ore and concentrates, 63.9%; and automobile and trucks 0.9%. Coal and coke, another important item for P. & L. E., is placed at 7.3% over a year ago.

The carrier has announced that it was considering asking for tenders on up to 100,000 shares of the 384,000 shares of minority stock outstanding. The tender would expire April 30, 1959. The purchase of the stock would be financed by a bank loan which later would be refunded by the sale of first mortgage bonds. Currently, P. & L. E. does not have any mortgage bonds outstanding, only equipment trust obligations. It has been officially stated that the reason for this rather unusual procedure is less exposure to Federal income taxes. The bond interest would be deductible before taxes, while dividends on the stock are after taxes. If the full 100,000 shares are purchased and retired, the 441,000 shares held by New York Central would represent 60.8% of all stock outstanding. The Central now owns 53.4%. The P. & L. E. is a valuable connection for the Central with its large coal origination and finished steel products from the mills which it serves.

Despite bad weather in the territory served, including some floods which hurt carloadings and the movement of traffic, loadings of the road have been running well ahead of a year ago and should continue to do so. There probably will be some slackening of loadings in the third quarter since industry undoubtedly has been stockpiling in anticipation of a possible steel strike. Once the third quarter has been passed, resumed activity in heavy industry again is anticipated.

Expenses are under good control and despite increased revenues and earnings the budget for maintenance of way is not expected to be increased but will hold to the amount planned for this year. Benefits from development of the new Youngstown Yard are beginning to be reflected in operating economies. It is believed the carrier can now handle 30% more volume as compared with a year ago, without any large additional operating expenses and this should further be reflected in operating efficiency as carloadings increase. In 1957, before the new yard was even in partial operation, the road's yard expenses were almost twice as much as for the average road, on a proportionate basis.

Maintenance of equipment expenditures are not expected to be heavy this year. The bad order car level now is around 3%, exceptionally low as compared with the other Eastern industrial carriers, and it is believed that during the year this will be reduced to around 2%, or about the lowest which can be accomplished by a road whose equipment is off line much of the time. In this respect, P. & L. E. should have additional income this year from use of its cars by other railroads. The road has a large car fleet and during the recession it was not utilized by anywhere near its capacity. At that time its cars were returned as rapidly as possible so that the other carriers would not have to pay the per diem rentals. Now it is in a position to benefit. If 1959 car utilization approaches the 1956 levels, income from this source could amount to around $14 million as compared with $10,500,000 in 1958. This would amount to around $4.75 a share before taxes on the 825,003 common shares outstanding. The small capitalization gives the railway high leverage of earnings as they expand.

The road is in good financial condition. At the end of 1958, cash and cash equivalents amounted to $8,700,000 and current liabilities were $7,700,000. New working capital was $7,500,000 as compared with $8,500,000 at the end of 1957.

On the basis of the traffic outlook for coming months, and the additional other income to be received from equipment rentals, it is possible that earnings this year might reach close to $11.50 a share as compared with $8.90 a share in 1958; $11.68 in 1957, and $11.47 in 1956. Currently, the road is on a $4 annual dividend basis, while in each of the five preceding years the annual rate was $6 a share. In view of improved earnings, control over expenses and good financial condition, it would not be surprising if the rate was increased before the year-end.

S. D. Fuller Offers Gold Seal Products Conv. Preferred at Par

S. D. Fuller & Co. offered publicly yesterday (April 8) 125,000 shares of Gold Seal Products Corp. 6½% convertible cumulative preferred stock. The stock, which is offered at par ($10 per share) is convertible into the company's class A stock through April 16, 1964.

The company will apply $140,000 of the net proceeds from the offering to payment of certain debt and $837,000 to various indebtedness arising out of the purchase in December, 1957 of all the capital stock of Kulka Electric Corp.; the balance will be added to working capital.

In December, 1957, in order to diversify its business and enter a field with greater normal profit margins, Gold Seal purchased all the capital stock of Kulka Electric Corp., second largest producer in the United States of molded barrier blocks—component parts in various electrical and electronic equipment. Kulka also makes other electrical and electronic components and devices.

Gold Seal sells milk and ice cream products at both wholesale and retail in metropolitan New York City and in areas of New York State, Connecticut and New Jersey. Headquarters are at Remsen, Oneida County, N. Y.

In the year ended Dec. 31, 1958 consolidated sales of Gold Seal Products Corp. and subsidiaries (including Kulka Electric Corp.) totaled $9,711,701 and net income was $212,231, equal to 33 cents per share on the combined shares of class A and B stock outstanding at the end of the year.

Morgan Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Roy G. Tipton has been added to the staff of Morgan & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange.

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London Market's Entry Into Forward Dealing in Gold

powers to restrict dealings in gold; it merely suspended the application of that power.

There is a growing feeling, however, that any move in that direction ought to come from the United States. So long as Americans are free to buy gold abroad, surely any British restrictions on such operations would amount to trying to be more royalist than the King or more Catholic than the Pope. In the absence of any American restrictions the reimposition of the British ban would merely mean that Americans would cover their forward gold transactions in Zurich or in some other market instead of in London. And it seems difficult to see what advantage the United States would derive from this.

To some degree forward buying of gold can be covered by sales of gold for forward delivery. The Soviet Government in particular is in the habit of selling its gold for forward delivery. Apparently the Moscow Government is more realistic than many private firms and individuals in Western countries. It considers a devaluation of gold in the near future to be most unlikely, and takes advantage of the premium which it is able to earn by selling its gold for forward delivery.

Other Comments

In all probability an increase of the possibility of a dollar devaluation as a result of a victory of the Democrats at next year's election would discourage the Soviet Union and others from selling gold forward, so that the bullion firms themselves would then have to provide all the counterpart to forward buying orders. As a general rule bullion dealers cover their forward sales by purchases of spot gold. This they are in a position to do, in possession of dollar balances which they are entitled to use for that purpose. But they would not be able to operate on a really large scale, unless the premium should increase substantially above its present level, in which case other banks would become tempted to take a hand and employ their dollar balances for the purchase of spot gold. So long as the premium remains moderate it shows the absence of any large-scale speculation.

A widening of the premium would be the obvious danger signal. It is a pity the authorities are opposed to the quotation of forward prices of gold.

Continued from page 15

News About Banks and Bankers

York. The first year of broadened power, serving as a "pilot" project to other industrial banks, showed a 20% increase in deposits and a 54% increase in profits.

In 1955, Metropolitan Industrial Bank was merged into Commercial State Bank. This was followed, last year, by the merger of Commercial State Bank and the Bank of North America, to form the present Commercial Bank of North America.

An interesting sidelight of the modernized headquarters is the fact that Mr. Leichtman's office, as it has for 30 years, remains on the banking floor, in a form of open planning, and is both informal and easily accessible. Through the standing glass partition, visitors can see at a glance if he is available. This informal, friendly note, retained in the modernization of the main office, has come to symbolize the Bank's concept of highly personalized service.

Reflecting three decades of growth, the institution staff has increased from 60 to 700 employees. A total of 25 officers and employees have been with the main office since its opening 30 years ago, according to Mr. Leichtman.

Serving New York's diversified industries from toys to machinery, Commercial Bank of North America has been most closely associated with the garment trade, New York's largest and the nation's fourth-ranking industry. The expansion of the financial institution has paralleled the substantial growth of the garment industry.

In the past six years, the Bank has nearly tripled its resources from $57 million held in 1952 to current assets of more than $165 million. In the same period deposits rose from $50 million to more than $146 million.

The extensive alteration program for the main office included a re-designed and re-located main entrance of stainless steel and glass, and erection of a new exterior facade of polished granite. The modernization project was executed by Halsey, McCormack and Helmer, Inc., bank architects, under the personal supervision of Adolph Lancken Muller, President.

* * *

THE CHASE MANHATTAN BANK, NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	7,947,306,039	8,329,981,739
Deposits	7,030,685,657	7,386,096,807
Cash and due from banks	1,908,718,770	2,100,874,863
U. S. Govt. security holdg's	1,461,598,390	1,505,876,335
Loans & discts.	3,613,837,814	3,807,259,870
Undivid. profits	73,621,249	67,783,465

* * *

GUARANTY TRUST COMPANY OF NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	3,225,884,463	3,174,581,735
Deposits	2,660,302,490	2,638,018,353
Cash and due from banks	942,687,455	701,681,840
U. S. Govt. security hold'gs	474,821,590	568,778,718
Loans & discts.	1,531,632,778	1,664,878,218
Undivid. profits	101,949,777	98,876,623

* * *

THE HANOVER BANK, NEW YORK

	Mar. 12,'59 $	Dec. 31,'58 $
Total resources	1,800,676,374	1,957,711,956
Deposits	1,506,289,873	1,713,003,349
Cash and due from banks	426,309,600	493,034,368
U. S. Govt. security hold'gs	395,410,603	438,806,691
Loans & discts.	856,885,700	898,459,705
Undivid. profits	32,329,850	32,014,721

* * *

J. P. MORGAN & COMPANY INCORPORATED, NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	915,236,372	982,560,034
Deposits	794,121,779	857,868,671
Cash and due from banks	229,751,834	242,685,323
U. S. Govt. security holdings	223,708,134	235,000,649
Loans and discts.	345,767,773	391,219,811
Undivided profits	19,209,831	18,050,836

GRACE NATIONAL BANK OF NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	206,274,930	223,034,133
Deposits	181,978,825	198,835,989
Cash and due from banks	45,853,445	64,402,331
U. S. Govt. security holdings	47,751,135	48,706,546
Loans and discts.	88,379,032	86,956,469
Undivided profits	2,930,434	2,567,057

* * *

FEDERATION BANK AND TRUST CO. NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total Resources	174,538,208	178,185,299
Deposits	159,909,118	164,534,605
Cash and due from banks	26,207,420	38,807,436
U. S. Govt. security holdings	27,279,120	26,425,136
Loans & discounts	86,487,889	80,106,170
Undivided profits	1,362,961	1,242,892

* * *

COLONIAL TRUST COMPANY, NEW YORK

	Mar. 12,'59	Sept. 24,'58
Total resources	$77,891,048	$82,775,745
Deposits	69,282,752	74,178,673
Cash and due from banks	16,430,272	18,354,996
U. S. Govt. security holdings	13,458,272	14,776,477
Loans and discts.	39,383,704	40,731,849
Undivided profits	1,196,745	1,185,647

* * *

UNDERWRITERS TRUST COMPANY, NEW YORK

	Mar. 31,'59	Dec. 31,'58
Total resources	$42,369,715	$44,379,497
Deposits	37,933,539	40,494,671
Cash and due from banks	7,057,610	6,024,865
U. S. Govt. security holdings	20,802,079	22,358,940
Loans and discts.	10,962,838	13,346,935
Undivided profits	1,651,599	1,651,072

* * *

THE STERLING NATIONAL BANK & TRUST COMPANY, NEW YORK

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	160,984,943	159,130,351
Deposits	140,663,635	143,765,030
Cash and due from banks	32,477,129	35,294,445
U. S. Govt. security holdings	45,939,529	43,286,041
Loans and discts.	79,495,870	77,351,667
Undivided profits	1,800,288	1,766,088

* * *

Frederick Hainfeld, Jr., President, announced that a new branch of **Long Island Trust Company, Garden City, N. Y.,** has been approved by the New York State Banking Department and the Board of Governors of the Federal Reserve System. It will be located at 1501 Franklin Avenue at the corner of 15th Street, Garden City.

* * *

Wyman D. Pasco, Vice-President and Director of the **Emerson National Bank, Warrensburg, N. Y.,** died April 2 at the age of 68.

* * *

Worcester County National Bank, Worcester, Mass., announced that it has applied to the Comptroller of the Currency for permission to establish a branch office in Greendale. It would be the 15th office of the Worcester County National Bank and the sixth in the City of Worcester.

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RHODE ISLAND HOSPITAL TRUST COMPANY, PROVIDENCE, R. I.

	Mar. 12,'59 $	Dec. 31,'58 $
Total resources	315,709,813	310,399,705
Deposits	274,825,618	276,308,131
Cash and due from banks	46,499,467	41,063,176
U. S. Govt. security holdings	82,565,711	84,487,062
Loans and discts.	162,544,646	163,559,955
Undivided profits	3,198,238	3,285,297

* * *

THE FAIRFIELD COUNTY TRUST CO. STAMFORD, CONN.

	Mar. 31,'59 $	Sep. 30,'58 $
Total resources	148,762,416	137,164,403
Deposits	136,336,550	125,123,483
Cash & due from banks	14,746,963	13,848,364
U. S. Govt. security holdings	38,138,296	36,701,344
Loans & discounts	78,293,723	69,058,834
Undivided profits	1,479,300	1,342,106

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Stockholders of both the **Union County Trust Co., Elizabeth, N. J.,** and **Citizens Trust Co., Summit, N. J.,** approved plans for a merger. Approval had previously been given by State and Federal banking authorities.

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Special meetings of stockholders of **West Hudson National Bank of Harrison, N. J.,** and **The First National Bank of Jersey City,** approved proposals to consolidate the two banks effective April 3, subject to final approval of the Comptroller of the Currency.

Two new directors were elected to the First National board. They are: Fred W. Allen, who will also be an Executive Vice-President of First National, and George W. Blake.

Mr. Allen was formerly President and a Director of West Hudson. Mr. Blake is a Director of the Harrison bank.

* * *

Roy E. Motto has been appointed auditor of **Mellon National Bank and Trust Company, Pittsburgh, Pa.** according to an announcement on April 6 by Frank R. Denton, Vice-Chairman of the Bank.

Mr. Motto joined Mellon Bank in 1949 when most of the Mellbank banks became part of Mellon Bank.

* * *

Albert A. Garthwaite, Jr., of **Lee Rubber & Tire Corporation,** has been named a member of the Norristown Regional Executive Board, of **Montgomery County Bank and Trust Company, Norristown, Pa.,** according to an announcement by Melvin L. Carl, President of the Bank.

* * *

The Doylestown National Bank and Trust Company, Doylestown, Penn., increased its common capital stock from $250,000 to $350,000 by the sale of new stock, effective March 23. (Number of shares outstanding—70,000 shares, par value $5.)

* * *

A proposed merger of the **Farmers Bank of the State of Delaware** and the **First National Bank of Dagsboro, Del.,** under the name and charter of the Farmers Bank was announced April 2 by the two institutions. An agreement of merger has been signed by the board of directors of both institutions, providing for the exchange of 5¾ shares of the Farmers Bank of the State of Delaware for each share of the capital stock of the First National Bank of Dagsboro. Harry W. Bunting, President of the First National will become a Vice-President of the Farmers Bank. J. Raymond Baker, now a Vice-President of Dagsboro will become an Assistant Vice-President of Farmers and J. Cordrey McGee, Paul C. Williams and Norris L. Bunting will become Assistant Cashiers of the Farmers Bank. The present directors of the First National will constitute the Advisory Committee of the Farmers Bank of Dagsboro with the same authority and power to make loans as in the past. Special meetings of stockholders of both banks are being called for April 30 to approve the merger and it must also receive the approval of the State Bank Commissioner and other supervisory authorities before becoming effective.

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SOCIETY NATIONAL BANK OF CLEVELAND, OHIO

	Mar. 31,'59 $	Dec. 31,'58 $
Total resources	401,112,060	391,911,461
Deposits	363,924,996	352,917,001
Cash and due from banks	38,607,609	34,861,588
U. S. Govt. security holdings	95,618,952	95,797,589
Loans and discts.	209,856,873	204,871,261
Undivided profits	1,551,648	1,326,182

* * *

Vernon R. Loucks, an attorney, has been elected to the Board of Directors of **Merchandise National Bank of Chicago, Ill.** President Kenneth K. Du Vall announced on April 8.

* * *

The appointment of two new officers and the retirement of a 49-year veteran have been announced by William A. McDonnell, Chairman of the Board of **First National Bank in St. Louis, St. Louis, Mo.**

Clarence Toeniskoetter of the bank's credit department was promoted to Assistant Cashier and Assistant Manager of that department.

Oliver R. Chumchal has been named Manager of the bank's safe deposit department. Mr. Chumchal succeeds Clifford W. Steger in this position.

Mr. Steger, who retired under the bank's pension plan, had been with First National and its predecessor organizations since 1910.

Mr. Toeniskoetter, who has been in the employ of First National since 1930, has been a member of the credit department since 1935.

Mr. Chumchal began his service with First National in 1922.

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The American National Bank & Trust Company of Mobile, Mobile, Ala., with common stock of $1,000,000, **Central Bank of Mobile, Mobile, Ala.,** with common stock of $200,000, and **First Commercial Bank, Chickasaw, Ala.,** with common stock of $112,500, have merged, effective as of the close of business March 23. The consolidation was effected under the charter and title of The American National Bank & Trust Company of Mobile, with capital stock of $1,500,000 and surplus of $1,500,000.

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The board of directors of **The Fort Worth National Bank, Fort Worth, Texas,** announces the election of James E. McKinney, Chairman of the Executive Committee and Chief Executive Officer; Lewis H. Bond, President; Joe A. Clarke, Executive Vice-President; and W. H. Peterson, Executive Vice-President, effective March 26.

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ZIONS FIRST NATIONAL BANK, SALT LAKE CITY, UTAH

	Mar. 12,'59 $	June 23,'58 $
Total resources	138,704,583	128,693,592
Deposits	123,694,255	112,112,382
Cash and due from banks	23,259,552	18,540,742
U. S. Govt. security holdings	39,840,785	42,034,355
Loans and discts.	65,176,591	56,144,675
Undivided profits	3,433,813	3,228,379

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Plans for the merger of **First Western Bank & Trust Co., San Francisco, Calif.,** and **California Bank of Los Angeles, Calif.,** were put off by Firstamerica Corp. pending a decision in the Justice Department anti-trust suit to block the consolidation.

* * *

Rights to subscribe for 675,000 additional shares of capital stock at $32 per share are to be offered to shareholders by the **Bank of Montreal, Montreal, Canada,** G. Arnold Hart, President, announced on April 7. The new issue will increase the bank's paid-up capital to the highest figure in Canadian banking history, he said.

Mr. Hart said the offer will be made to shareholders of record at the close of business April 17, on the basis of one new share for each eight shares held. Rights will expire July 10. As usual, he said, the offer is going only to those "whose recorded address is not in the United States of America or any territory or possession thereof." This is due to the fact that the shares will not be registered in the United States, Mr. Hart said. He stated that shareholders to whom the offer is not made will receive transferable rights which may be sold by them.

Enlargement of the bank's capital structure is being undertaken in view of the substantial increase in total assets since the last issue two years ago, and because of the formation of the new Bank of London and Montreal, Limited—owned jointly by the Bank of Montreal and the Bank of London and South America Limited — which serves Latin America and "provides an avenue for expansion in the whole Caribbean area," he added.

Mr. Hart said the bank last month transferred $3,000,000 from tax-paid inner reserves to its rest account, which now stands at $123,000,000, in relation to paid-up capital of $54,000,000. On completion of the new issue, the capital account will be increased by $6,750,000, on the basis of $10 par value shares, bringing paid-up capital to $60,750,000. At the same time, the rest account will be increased $14,850,000 to a total of $137,850,000.

* * *

Sir George Bolton, K. C. M. G., has been appointed Chairman of the **Bank of London and Montreal Limited,** succeeding the late Gordon R. Ball, it was announced by Frank R. Bottrill, General Manager of the new bank.

Sir George is Chairman of the **Bank of London and South America Limited,** and has been Deputy Chairman of the new bank serving the Caribbean and Latin America since its formation last year.

He is succeeded as Deputy Chairman by Arthur C. Jensen, Chairman of the Board of the Bank of Montreal.

The Bank of London and Montreal is owned and controlled jointly by the **Bank of Montreal** and **BOLSA.** Its head office is in Nassau, and branches are scheduled to open shortly in Kingston, Jamaica and Port-of-Spain, Trinidad. The new bank is currently in process of taking over 14 existing BOLSA branches in Colombia, Ecuador, El Salvador, Guatemala, Nicaragua and Venezuela.

Dillon, Read Group Offers Texas Eastern Transmission Bonds

An issue of $45,000,000 Texas Eastern Transmission Corp. first mortgage pipeline bonds, 4⅞% series due 1979, was offered yesterday (April 8) by a group of underwriters headed by Dillon, Read & Co. Inc. at a price of 99½% to yield approximately 4.92% to maturity.

A semi-annual sinking fund beginning Oct. 1, 1961 will retire approximately 95% of the bonds prior to maturity. For a period of five years the bonds are not refundable at an interest cost to the company of less than 4.915% but are otherwise redeemable at the option of the company at any time at prices scaling from 104.38% downward to par.

Proceeds from the sale of these securities will complete financing required in connection with the company's construction programs scheduled during 1959 which are estimated to total approximately $63,000,000. The largest portion of the money will be used for expansion of the company's gas transmission system. The program also provides for additions to the petroleum products transportation system.

Gas system additions planned for 1959 include construction of pipeline loops on existing pipelines, additional compression and new pipelines needed to carry out development of the company's winter service program started late in 1958; completion of facilities needed to increase daily delivery capacity of the system by 100 milion cubic feet, construction of miscellaneous additional loops and compression on present pipelines and various supply lines and other minor additions.

With Brush, Slocumb

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edwin H. Parker has become connected with Brush, Slocumb & Co., Inc., 465 California Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Parker was formerly with Walston & Co., Inc.

Continued from first page

Accelerating the Pace of Advance in Our Economy

and the end result will be a severe collapse. If we are to achieve the great growth and prosperity of which we are capable, we must avoid any addiction to the narcotic of inflation.

Successful Postwar Growth

To see the reasons for this rather dogmatic conclusion, let's turn to an examination of the record. Our economy has always been a growth economy. With the sole exception of the great depression of the 1930's, our total production of goods and services, measured in dollars of constant purchasing power, has moved ahead along an upward growth trend of 3-4% per annum. The path of growth has not been smooth and even—it has been marked by the ups and downs of business cycles. However, our performance so far in the postwar period shows that we have been successful in moderating the impact of recessions on the economy.

It should be understood that economic growth in terms of a rising total production of goods and services is not the be-all and end-all of our society. We must be concerned with the quality of what we produce as well as with its quantity. We must work to elevate the scale of values the public applies to various goods and services if we are to realize our ultimate objective — which may be defined as providing maximum opportunities for individuals to realize their full capabilities. In plainer language, we need to develop a general understanding of the needs for better education, purer air, improved living conditions in our cities, and increased emphasis on the cultural values of our civilization.

Present and Future Outlook

Economic growth is a prerequisite to the attainment of these ends. Thus, our current position in relation to the growth trend is a source of genuine concern. We are still 5-6% below this trend despite the sharp recovery that has taken place in the past year. The fact that we are still in the recovery stage of the current business cycle explains why unemployment is still a perplexing problem. We need to get back to the trend to achieve a high level of employment and a high rate of utilization of industrial capacity.

My personal view of the business outlook is that we will regain the long-term trend by late 1959 or early 1960. Moreover, I believe that 1960 will be a year of great prosperity. On the general postwar business cycle pattern, another moderate recession might develop sometime in 1961. But we have it within our ability to achieve a long-term growth of 4% per annum with no more than periodic moderate recessions.

There is, however, a concern in certain quarters that we are not growing as fast as we could and should, and that an overzealous preoccupation with the dangers of inflation is responsible for our lack of growth. The advocates of more government spending and more government intervention play fast and loose with the statistics in presenting their case. They say our growth has slowed because GNP showed a 1.3% per annum increase between 1953 and 1958. That's an inexcusably bad use of statistics—1953 was a peak year in the business cycle whereas 1958 was a recession year. Obviously, you don't measure from the peak of the boom to the bottom of the recession in determining growth.

Now, what of the future? As I have said, I believe our economy has the potential to maintain a general growth rate of 4% per annum. Why 4%? Why not 5%, or 10% or 2%?

Doubts Exceeding 4% Growth Rate

The answer is that our economy is so rigged as to sail along a 4% growth trend. Our tax system, our monetary arrangements, our attitudes towards consumption vis-a-vis saving, our acceptance of such drags on our growth as tariffs and farm and other subsidies, give us the sort of an economy that could produce a 4% growth rate.

Parenthetically, it should be clear that a 4% growth rate is nothing to look down one's nose at. It implies a doubling of national output every 18 years. It means a faster rate of growth—by one-fifth or more — than that achieved in the four decades before 1930. Finally, a 4% growth rate would enable us to raise private living standards substantially in the period ahead, and support increased expenditures for defense, schools, roads and other public items at the same time.

In considering arguments that we should accelerate the pace of advance of our economy, it is important to understand the major elements that make for growth. Why have such nations as the U. S., Canada, Japan, Germany, the United Kingdom or Brazil achieved substantial growth in the past century while many other nations have been standing still or slipping backwards?

Why Do Some Nations Grow?

This is not an easy question to answer. Economic growth is a most complicated phenomenon — it requires a social and political atmosphere that can accommodate vast changes, and bring forward the sort of individuals capable of initiating and sustaining growth. But, above all, a growing economy must accumulate capital by saving and investing. And, in fact, a society's ability to accumulate capital—in the form of industrial plant and equipment, schools and roads, mines and oil wells—is the measure of its ability to grow. For capital can be accumulated and put to productive use only if the other requisites for growth are present.

The relationship between investment and growth is shown by the experience in the United States since 1899. Total production in constant dollars has multiplied 10 times in this period, an average annual growth of 3½%. This growth has not been a result of working harder or longer—to the contrary, average hours worked per week have declined over the period. Despite the increase in our population, man-hours worked have risen at a slower rate than output. What has happened is that we have managed to produce more for each man-hour of work. This has been accomplished primarily by providing a growing amount of machinery and equipment to supplement human effort. Thus the amount of capital in use has increased in general harmony with the growth in output, except during the depressed 1930's and World War II.

Experience around the world also shows that the rate of economic growth depends on the rate of investment a nation manages to achieve. Nations with a high rate of investment have a high rate of growth, and, conversely, a low rate of investment is associated with a low rate of increase in GNP.

This analysis points to a significant conclusion: if we want to grow faster than we have been growing—if we wish to better the 4% per annum rate of the postwar period, or the 3% long-term average—we must so arrange our affairs as to support a higher rate of investment. This cannot be done by waving a wand.

How to Have Growth Rate

It can, in my opinion, be done by a forward looking program to avoid both inflation and deflation and to provide greater encouragement, or less discouragement, to saving and investment, and initiative and enterprise. The listing of such steps, which includes a series of tax reforms, is too long to go into at this juncture. All I can do is register my considered judgment that we could accelerate our rate of economic advance, and do it without inflation, if we adopted proper policies.

I am aware that, in this respect, my views differ from those of a number of economists. It is being argued by some that creeping inflation is the price that must be paid for growth, and that efforts to prevent such inflation will slow our growth and breed chronic unemployment. Those who make this diagnosis offer a prescription composed of varying dosages of easy credit, increased Federal spending, and large wage increases as the appropriate cure.

We *have* had creeping inflation in recent years during a period of substantial long-term growth in the economy. Wages *have* risen more rapidly than productivity, and this has been a major factor in the rise in the price level. In short, the recent record seems to support the arguments for creeping inflation.

Paradox of Inflation and Growth

Yet I submit that the reason we have gotten away with inflation in the past is that it has been *unexpected*. The general assumption underlying people's decisions as to spending or saving, or as to the character of their investment plans, has been that we would not experience a significant degree of inflation. So long as this was true, it was possible to hold the rise in the price level within the 3% per annum rate that has been termed creeping inflation.

But more and more people are laying their plans on the assumption of long-term inflation. Once enough people begin to rearrange their affairs in this manner it will become increasingly difficult, and probably impossible, to keep the creep in prices from becoming a gallop. If investment policies, interest rates, wages and salaries and the like should become fully adjusted to a 2-3% per annum price level increase, then a further inflationary dose would be required to provide a continued shot in the economy's arm. Thus, the definition of "creeping inflation" would be not 2-3% but 4-6%. To accommodate this degree of inflation would require a steady easing of credit, and a growth in the money supply that would accommodate not only the rise in real production but also the rise in prices.

Such a procedure might well give us more growth in the months ahead than would result from a set of policies designed to promote long-term growth and stable prices. The danger is that this short-term impetus to growth might have to be bought at great cost in terms of longer-term prospects. A general acceptance of the creeping inflation idea, plus the relaxation of monetary and fiscal responsibility that is implied, would leave the economy vulnerable to an inflationary boom — in stock markets, real estate and commodity markets, or, eventually, in consumer markets in the form of a rush to spend money rather than save it. Such booms have occurred in the past—they have always led to a collapse followed by a prolonged period of high unemployment and little growth while the necessary adjustments were worked out.

In my judgment, the nation has no alternative but to work towards the objective of price stability. In our economy sustained economic growth, interrupted by no more than moderate recessions, will be possible only if we adopt policies that will contain inflationary pressures.

Offers Monetary Theory

To achieve price stability we must keep the annual increase in the effective money supply in line with the growth in real production, while keeping the increase in average wages in line with the advance in the economy's efficiency. The key ingredients of such an approach during a period of rising business are tight money, a surplus in the Federal budget, proper debt management and restraint on the wage-price front.

It may take some time to achieve these objectives. It is true, as some economists have emphasized, that our economy has demonstrated in recent years a tendency towards a continued wage-price spiral. It will take time to demonstrate that the wage-price spiral works against the best interests, not only of the community but also of those immediately concerned — wage increases that are greater than the economy can pay out of increased efficiency lead to higher prices, lower sales and increased unemployment. A resolute application of sound anti-inflationary measures can, in time, bring this lesson home to the general public.

In summary, I believe that every effort should be devoted to attaining growth and stable prices. Consequently, it is my judgment that creeping inflation can be averted, and that efforts to that end will contribute to the growth and prosperity of the nation. To succumb to the narcotic of creeping inflation would be to jeopardize our chances for achieving great growth and prosperity in the decades ahead.

Erdman, Smock, Hosley & Reed, Offer Completed

Simmons & Co. yesterday (April 8) offered in units of 100,000 shares of class A common stock and 10,000 stock purchase warrants, of Erdman, Smock, Hosley & Reed, Inc. Each unit, consisting of 10 shares of class A common stock and one stock purchase warrant, is priced at $30. The offering was completed.

Net proceeds from the financing will be used by the company for the purchase of essential electronic equipment. The balance of the proceeds will be used for working capital, to carry its own accounts receivables, and to factor the accounts receivables of its affiliates.

Each stocck purchase warrant entitles the holder to exercise the warrant between June 1, 1960 and June 1, 1962, in the purchase of one share of class A common stock or common stock at $5 per share.

Erdman, Smock, Hosley & Reed, Inc., a Virginia corporation, was incorporated on June 10, 1952, and has its principal office in Washington, D. C. The company furnishes photogrammetric and incidental management and consultation services to organizations engaged in the design of new highways, pipelines and other structures for government agencies and private enterprises.

Upon completion of the current financing, outstanding capitalization of the company will consist of 150,000 shares of common stock; 125,000 shares of class A common stock, and 10,000 stock purchase warrants. The company has no long term debt securities.

Bankers Offer Tenn. Gas Transmission Pfd.

A new issue of 440,000 shares of Tennessee Gas Transmission Company 4.72% cumulative convertible second preferred stock ($100 par value) was publicly offered on April 7 by a nationwide underwriting group headed by Stone & Webster Securities Corporation and White, Weld & Co. The stock was priced at $100 per share and accrued dividends. Each share is convertible into 2.4 shares of common stock through April 1, 1964 and thereafter into 2.25 shares through April 1, 1969.

Of the proceeds from the sale, $20,000,000 will be used by the company to retire its outstanding short-term notes issued under revolving credit agreements, proceeds from which were used in the company's expansion program. It is expected that the balance of proceeds will also be applied to the expansion of the company's properties.

The new second preferred stock is redeemable at $104.75 per share prior to April 1, 1964 and thereafter at prices decreasing to $100 per share on or after April 1, 1979.

Tennessee Gas Transmission Company owns and operates a natural gas transmission system extending from gas producing areas in Texas and Louisiana to the northeastern sections of the country. At Jan. 1, 1959 the system included 10,195 miles of pipe lines with a designed delivery capacity of 1,980,000 MCF of gas per day and approximately 2,385,000 MCF on peak days by withdrawal of gas from underground storage.

The company has an application pending before the Federal Power Commission for authority to construct and operate additional facilities which would increase daily system delivery capacity to about 2,617,000 MCF and over 3,000,000 MCF on peak days.

The company and its subsidiaries also are engaged in the business of exploring for, producing, processing, refining and marketing petroleum and petroleum products.

In the year ended Dec. 31, 1958, Tennessee Gas Transmission's total operating revenues totaled $402,784,000 and net income was $46,424,000, compared with $374,003,000 and $40,411,000, respectively, in 1957.

High Point Chemical Offering Completed

Pearson, Murphy & Co. Inc., announces that its offering of 299,985 shares of common stock of High Point Chemical Co. Inc. at $1 per share has been all sold.

Proceeds from the sale of these shares will be used by the company for the purchase of equipment for its manufacturing processes and for working capital.

Joins Wm. R. Staats

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Frederick R. Van Cleve is now affiliated with William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Witherspoon Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Milton P. Stiker has been added to the staff of Witherspoon & Co., Inc., 215 West Seventh Street.

Three With Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Saul Cohen, Roger S. Davis and Francis J. Leonard have become affiliated with Keller Brothers Securities Co., Inc., Zero Court Street.

Continued from page 2

The Security I Like Best

ruhe, Germany. Its factory in Elizabethport, N. J. is being completely modernized and the manufacture of sewing machines there is being nearly entirely automated, putting Singer this year into a position to regain lost territory. Singer's sales in Italy alone equal that of its competitor Necchi and its modern German factory competes successfully with Pfaff. Singer Ltd., 31% owned by Singer Manufacturing Co., produced 750,000 machines in 1957—thus more than the parent company's home production. Besides receiving dividends, the parent company also gets royalties on each machine made by the factories of the companies controlled by International Securities Corp., of which Singer Manufacturing Co. owns all common shares, but none of the voting preferred shares. Foreign operations of Singer were twice as large as domestic and more profitable. New factories have been opened in Latin America because of import restrictions from hard currency countries and to compete more advantageously with Japanese products. In practically all parts of the Free World, Singer is being sold with the exception of India, where Mahatma Ghandi had used the sewing machine and declared it one of the few useful things ever invented. The present Indian Government has practically excluded the company.

Singer's stated earnings in 1955 were $4.03 per share, in 1956 $4.25, in 1957 $4.02. The 1957 includes 87¢ non-recurring profit, thus operational net amounted to $3.15 plus 17¢ deferred in that year, bringing the total to $3.32.

The 1958 figures, at first glance, compares very poorly. They amount to $2.41 only but because of the unusual accounting methods would have amounted to $2.87. The current year should show the first fruit of the management's strenuous efforts to improve earnings. To this must be added that the company has embarked on diversification of its operations utilizing its properties more fully.

Singer owns in Quebec nearly 500,000 acres equal to 715 square miles of timberland containing 1.3 billion board feet. Together with Perkins-Goodwin Company, the latter having 30%, Singer 70%, they are building a pulp mill which should enhance the profitability of this huge asset. In addition, Singer owns 68,000 acres of timberland in South Carolina with about 200 million board feet.

Singer also owns the Diehl Manufacturing Company, making electric motors for its machines and vacuum cleaners distributed through its thousands of retail outlets. Many of Sears, Roebuck Craftsman electric hand tools are made by Diehl. Recently Singer purchased Haller, Raymond & Brown, a research firm with close Washington (Defense Department) connections. Through these two affiliates, Singer intends to increase its military business, infrared development and research, from $6 million to $30-40 million annually.

This hundred year old colossus, with nearly $1½ billion annual sales between itself and its affiliated not consolidated subsidiaries, is pulsing with new life—it is modernizing its manufacturing facilities as well as its distributing outlets, improving its inventory control, diversifying its operations and last but not least, is modernizing its stockholder relationship: for the first time, it will publish a semi-annual report this Summer, preparing itself for quarterly reports, a requirement for listing on the New York Stock Exchange. With earnings on the uptrend, these conservative shares yielding 4.7%, backed by a young, vigorous management, using modern methods and diversification to increase the earning power of its huge assets, are the stock I like best for income and capital gains possibilities.

Business Man's Bookshelf

Annual Bullion Review, 1958 — Samuel Montagu & Co. Ltd., 114 Old Broad Street, London, E. C. 2, England (paper).

Atomic Industry Directory of Products, Equipment and Services, 1959 — Atomic Industrial Forum, 3 East 54th Street, New York 22, N. Y.

Basic Business Law: Text and Cases—David S. Craig and Rate A. Howell — The Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $7.50.

Budget and Economic Growth: A Statement on National Policy—Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper), 50c (quantity prices on request).

Budgeting: Principles and Practice Herman C. Heiser—The Roland Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $10.

Communist Economic Threat — Department of State Publication 6777—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15c.

Corporation Finance—Richard C. Osborn—Richards C. Osborn—Harper & Brothers, 49 East 33rd Street, New York, N. Y. (cloth).

Economy, Liberty, and the State — Calvin B. Hoover — The Twentieth Century Fund, 41 East 70th Street, New York 21, N. Y. (cloth), $5.

Effect of Corporate Income Tax on Investment — George Terborgh — Machinery and Allied Products Institute, 1200 Eighteenth Street, N. W. Washington 6, D. C. (paper), $1.

Endless Frontiers: The Story of McGraw-Hill-Roger Burlingame — McGraw-Hill Book Company, Inc., 330 West 42nd Street, New York, N. Y. (cloth).

Estimated Work Injuries, 1958—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

Federal Anti-Trust Law: Cases and comments—S. Chesterfield Oppenheim — West Publishing Company, St. Paul, Mo., $15.

Fiber Facts, 1959 — New pocket-size publication containing current fiber data and textile information — American Viscose Corporation, 1617 Pennsylvania Boulevard, Philadelphia 3, Pa. (paper), on request.

Finnish Economy in 1958—Erkki Laatto—in the February Monthly Bulletin of the Bank of Finland, Helsinki, Finland.

Freeman, April 1959—Containing articles on "Runaway Spending Brings Crisis in Local Governments; Tax Decalogue for the Welfare State; Human Rights are Property Rights; Money Talks; Union Coercion and Your Newspaper, etc. — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y., 50¢.

Hints on Better Letters—John D. Yeck—Y. & Y. Publishing, 349 West First Street, Dayton 2, Ohio (paper), single copies, 25c (10c if requested on business letterhead); quantity prices on request.

Housing Definitions—As They Relate to Programs of the Housing and Home Finance Agency — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 30c.

How to Get Rich Buying Stocks—Dr. Ira U. Cobleigh — David McKay, Inc., 119 West 40th Street, New York, N. Y. $2.50.

Increase in Scientific, Engineering and Other Technical Jobs—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

International Bank for Reconstruction and Development—Alec Cairncross — International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper) on request.

International Executive — Quarterly publication of digests of books and articles on overseas business—Foundation for the Advancement of International Business Administration, Box 104, Riverdale Station, New York 71, N. Y., $15 per year.

Investing in Australia: A Guide for Companies — Booklet prepared for companies contemplating establishment in Australia —The National Bank of Australasia Limited, 6-8 Tokenhouse Yard, London, E. C. 2, England (copies on request).

Investment in Producing Oil Royalties — Carl S. Webber and Walter S. Sachs, Jr.— Walter S. Sachs & Co., Inc., 1518 Walnut Street, Philadelphia 2, Pa. (cloth).

Johannesburg Stock Exchange — Analysis of statistics relating to the Exchange for the quarter ended December, 1958—Johannesburg Stock Exchange, P. O. Box 1174, Johannesburg, Transvaal (paper).

Listing on the New York Stock Exchange: Its Purposes, Advantages and Responsibilities — New York Stock Exchange, 11 Wall Street, New York 5, N. Y. (paper).

Major Currents in the Brazilian Economy — Eric F. Lamb — J. Henry Schroder Banking Corp., 57 Broadway, New York 15, N. Y. (paper).

Metropolis Against Itself—Robert C. Wood—Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y. (paper), $1. (quantity prices on request).

Military Biography of Generalissimo Rafael L. Trujillo Molina —Lt. Ernesto Vega y Pagan—Editorial Atenas, Cuidad Trujillo, Dominican Republic (cloth).

Mutual Seurity Program for 1960 — A Summary Presentation—Department of State, Washington, D. C.

New York Foreign Exchange Market—Alan R. Holmes—Federal Reserve Bank of New York, New York 45, N. Y. (paper), 50c.

Norwegian Commercial Banks — Financial Review — Economic Research Institute of Commercial Banks of Norway, Oslo, Norway (paper).

Outlook for Construction in Alaska—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

Price Indexes for Selected Items and Groups—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y. (on request).

Primer for Profit in the Stock Market — Harry Kahn, Jr.— Doubleday & Company, Incorporated, 575 Madison Avenue, New York 22, N. Y. (cloth), $3.95.

Problems to Accompany "Accounting for Non-Accountants" — John N. Myer, New York University Press, Washington Square, New York 3, N. Y. (paper), 50c.

Pros and Cons of Equipment Leasing for Smaller Manufacturers, Department Stores, and Supermarkets—Foundation for Management Research, 121 West Adams Street, Chicago 3, Ill.

Roots of Capitalism—John Chamberlain—D. Van Nostrand Company, Inc., 120 Alexander Street, Princeton, N. J. (cloth), $5.50.

South Africa: Special report on economic trends and policies—text of an address by South African Ambassador Wentzel C. du Plessis—Information Service of South Africa, 655 Madison Avenue, New York 21, N. Y.

Stock Exchange Official Year Book — Vol. 1, 1959 — Contains data securities quoted on the London Stock Exchange and Associated Stock Exchanges; also lists of broker members of the Exchange, and members of the Associated and provincial 'Stock Exchanges—Thomas Skinner & Co. (Publishers) Ltd., Gresham House, Old Broad Street, London, E. C. 2, England — New York office, 111 Broadway, New York 6, N. Y.—$35 (2 vols.)

Tax Aspects of Real Estate Transactions—Martin Atlas—Bureau of National Affairs, Inc., 1231 Twenty-fourth Street, N. W., Washington 7, D. C., $12.50.

Trading Stamp Practice and Pricing Policy—Albert Haring and Wallace O. Yoder — Indiana University, Bureau of Business Research, School of Business, Bloomington, Ind. (cloth), $6.

Trends in Public Expenditures in the Next Decade—Otto Eckstein —Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y., $1.00 per copy (quantity prices on request.)

U. S. Income and Output: A Supplement to the Survey of Current Business—Study introducing an enlarged set of national income statistics and a comprehensive account of postwar economic developmens — Office of Business Economics, U. S. Department of Commerce—Superintendent of Documents, Government Printing Office, Washington 25, D. C.—$1.50.

Western Securities Is Coast Exch. Member

EMPORIA, Kansas — Western Securities, Inc., with a head office in the Citizens National Bank Building, has become a member firm of the Pacific Coast Stock Exchange effective April 1, 1959. The new member firm has branch offices in Hutchinson, Wichita and Topeka, Kansas, and Tulsa, Oklahoma.

Western Securities, Inc. acquired the assets of the Pacific Coast Exchange member firm of Clisbee & Company, Inc of Tulsa, Oklahoma, and Charles M. Clisbee, a member of the Exchange, will confer the privileges of his membership on the new firm.

Joins Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Joseph B. St. Germain has become affiliated with Hayden, Stone & Co., 1387 Main Street.

Opens Inv. Office

(Special to THE FINANCIAL CHRONICLE)

FAIRFIELD, Ill. — Mary Ann Creighton is conducting a securities busines from offices at 105 Northeast Third.

$27 Million Los Angeles School Bonds Offered

An underwriting syndicate managed by Bank of America, N.T. & S.A. on April 7 purchased $27,000,000 of Los Angeles City School Bonds, Election 1958, Series C. The Bank of America group included The Chase Manhattan Bank, The First National City Bank of New York, Bankers Trust Company, Harris Trust and Savings Bank, Guaranty Trust Company of New York and J. P. Morgan & Co. Incorporated.

The Bank syndicate paid a premium of $90,841 for $12 million Los Angeles City High School District Bonds; a premium of $90,841 for $12 million Los Angeles City School District Bonds and a premium of $22,339 for the $3 million Los Angeles City Junior College District Bonds. All three issues carried a 3½% coupon and the net interest cost to the District was 3.44%.

On reoffering, the bonds were priced to yield from 2% to 3.60%, according to maturity, May 1, 1960-84, inclusive.

In the past 12 months, Bank of America N.T. & S.A. and the underwriting accounts it managed purchased more than $716 million California State and Municipal Bonds. The Bank and its underwriting syndicate, through successful competitive financing, provide an assured source of funds for civic improvements and public projects required by the State's expanding economy.

Other major members of the Bank syndicate which bought the $27 million Los Angeles City School Bonds include:

Blyth & Co., Inc.; The First Boston Corporation; Smith, Barney & Co.; Security-First National Bank; American Trust Company, San Francisco; California Bank, Los Angeles; Continental Illinois National Bank & Trust Company of Chicago; Chemical Corn Exchange Bank; The Northern Trust Company; Lazard Freres & Co.

Drexel & Co.; R. H. Moulton & Company; Glore, Forgan & Co.; C. J. Devine & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; The First National Bank of Oregon; Seattle-First National Bank; R. W. Pressprich & Co.; The Philadelphia National Bank; Equitable Securities Corporation.

Bear, Stearns & Co.; Dean Witter & Co.; William R. Staats & Co.; Mercantile Trust Company; Reynolds & Co.; J. Barth & Co.; Ladenburg, Thalmann & Co.; Hornblower & Weeks.

E. R. Bell Co. Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Buddy L. Pitts is now with E. R. Bell Company, 4627 Wornall Road.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Fred Carr has been added to the staff of Bache & Co., 445 North Roxbury Drive.

Robert Brandt Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Theodore M. Grossman is now affiliated with Robert Brandt & Co., 430 North Camden Drive.

Herbert J. Erdman

Herbert J. Erdman, member of the New York Stock Exchange and senior partner of Erman & Co., which he founded in 1932, passed away March 12 at the age of 58.

Frank W. Aigeltinger

Frank W. Aigeltinger, associated with Vickers Brothers, New York City, passed away March 14th.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	April 12	§93.2	*93.2	92.0	48.5
Equivalent to—					
Steel ingots and castings (net tons)	April 12	§2,638,000	*2,638,000	2,604,000	1,308,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 27	7,193,220	7,202,870	7,208,320	6,264,135
Crude runs to stills—daily average (bbls.)	Mar. 27	¶8,007,000	8,082,000	8,236,000	7,038,000
Gasoline output (bbls.)	Mar. 27	28,060,000	28,592,000	27,966,000	25,427,000
Kerosene output (bbls.)	Mar. 27	1,802,000	1,902,000	2,511,000	2,226,000
Distillate fuel oil output (bbls.)	Mar. 27	13,281,000	14,507,000	15,267,000	11,363,000
Residual fuel oil output (bbls.)	Mar. 27	6,867,000	7,239,000	7,483,000	6,984,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 27	212,954,000	212,139,000	207,744,000	216,647,000
Kerosene (bbls.) at	Mar. 27	17,883,000	18,333,000	19,593,000	17,222,000
Distillate fuel oil (bbls.) at	Mar. 27	76,672,000	77,194,000	81,634,000	75,125,000
Residual fuel oil (bbls.) at	Mar. 27	55,917,000	55,082,000	54,582,000	55,165,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 28	603,755	603,178	575,583	532,273
Revenue freight received from connections (no. of cars)	Mar. 28	576,443	569,701	552,518	510,847
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	April 2	$328,300,000	$355,400,000	$523,100,000	$598,495,000
Private construction	April 2	121,600,000	179,900,000	230,000,000	385,189,000
Public construction	April 2	216,700,000	175,500,000	293,100,000	213,306,000
State and municipal	April 2	144,500,000	135,000,000	181,600,000	158,328,000
Federal	April 2	72,200,000	40,500,000	111,500,000	54,978,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 28	7,810,000	*7,935,000	8,235,000	7,451,000
Pennsylvania anthracite (tons)	Mar. 28	373,000	386,000	425,000	336,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 28	141	137	118	122
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	April 4	12,618,000	12,709,000	12,945,000	11,326,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	April 2	284	297	288	352
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 31	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	Mar. 31	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	Mar. 31	$37.83	$40.50	$41.83	$34.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	April 1	31.425c	31.200c	29.750c	24.425c
Export refinery at	April 1	30.425c	30.150c	29.200c	22.050c
Lead (New York) at	April 1	11.000c	11.500c	11.000c	12.000c
Lead (St. Louis) at	April 1	10.800c	11.300c	10.800c	11.800c
‡Zinc (delivered) at	April 1	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	April 1	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig, 99.5%) at	April 1	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	April 1	102.625c	102.250c	104.500c	92.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	April 7	85.36	85.40	86.17	96.48
Average corporate	April 7	89.78	90.06	90.20	95.62
Aaa	April 7	93.23	93.82	94.41	102.13
Aa	April 7	91.91	92.20	92.93	99.52
A	April 7	89.92	90.06	90.34	95.47
Baa	April 7	84.30	84.43	83.91	86.51
Railroad Group	April 7	88.13	88.54	88.95	91.19
Public Utilities Group	April 7	89.51	89.78	89.92	97.47
Industrials Group	April 7	91.48	91.77	91.91	98.41
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	April 7	3.92	3.92	3.81	2.80
Average corporate	April 7	4.43	4.41	4.40	4.03
Aaa	April 7	4.19	4.15	4.11	3.62
Aa	April 7	4.28	4.26	4.21	3.78
A	April 7	4.42	4.41	4.39	4.04
Baa	April 7	4.84	4.83	4.87	4.67
Railroad Group	April 7	4.55	4.52	4.49	4.33
Public Utilities Group	April 7	4.45	4.43	4.42	3.91
Industrials Group	April 7	4.31	4.29	4.28	3.85
MOODY'S COMMODITY INDEX	April 7	391.0	390.6	385.7	395.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 28	306,512	279,776	324,109	259,355
Production (tons)	Mar. 28	318,345	306,218	301,751	268,648
Percentage of activity	Mar. 28	95	94	92	86
Unfilled orders (tons) at end of period	Mar. 28	433,180	444,024	423,667	351,889
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	April 3	110.79	110.76	110.76	109.98
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 14	3,020,690	3,242,110	2,201,040	1,611,960
Short sales	Mar. 14	552,410	628,060	326,190	305,860
Other sales	Mar. 14	2,500,500	2,584,620	1,904,960	1,316,020
Total sales	Mar. 14	3,052,910	3,212,680	2,231,150	1,621,880
Other transactions initiated on the floor—					
Total purchases	Mar. 14	548,370	555,610	405,880	466,240
Short sales	Mar. 14	42,500	44,900	60,800	45,830
Other sales	Mar. 14	580,510	492,050	355,900	376,270
Total sales	Mar. 14	623,010	536,950	416,700	422,100
Other transactions initiated off the floor—					
Total purchases	Mar. 14	940,450	894,279	645,209	501,260
Short sales	Mar. 14	206,430	135,130	101,470	128,200
Other sales	Mar. 14	974,350	924,700	711,265	525,620
Total sales	Mar. 14	1,180,780	1,059,830	812,735	653,820
Total round-lot transactions for account of members—					
Total purchases	Mar. 14	4,509,510	4,691,999	3,252,129	2,579,460
Short sales	Mar. 14	801,340	808,090	488,460	479,890
Other sales	Mar. 14	4,055,360	4,001,370	2,972,125	2,217,910
Total sales	Mar. 14	4,856,700	4,809,460	3,460,585	2,697,800
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE—SECUURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 14	2,220,551	2,313,987	2,700,754	1,207,693
Dollar value	Mar. 14	$111,268,421	$118,922,621	$85,178,715	$52,854,251
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 14	1,981,563	2,117,527	1,405,376	1,053,547
Customers' short sales	Mar. 14	6,375	9,755	10,279	20,284
Customers' other sales	Mar. 14	1,975,188	2,107,772	1,395,097	1,033,263
Dollar value	Mar. 14	$99,242,727	$108,954,498	$69,718,840	$45,271,622
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 14	536,890	562,140	370,310	297,070
Short sales	Mar. 14	------	------	------	------
Other sales	Mar. 14	536,890	562,140	370,310	297,070
Round-lot purchases by dealers—					
Number of shares	Mar. 14	770,350	784,900	657,580	447,470
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 14	924,410	903,300	646,180	794,480
Other sales	Mar. 14	21,413,570	20,969,810	14,784,410	11,717,540
Total sales	Mar. 14	22,337,980	21,873,110	15,430,590	12,512,020
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 31	119.5	119.3	119.2	119.6
Farm products	Mar. 31	90.9	90.3	90.3	98.7
Processed foods	Mar. 31	107.3	107.0	107.2	110.5
Meats	Mar. 31	100.4	98.6	98.9	108.4
All commodities other than farm and foods	Mar. 31	127.9	127.8	127.6	125.9

*Revised figure. ¶Includes 908,000 barrels of foregin crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of February	15,758	18,765	10,466
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed months of February	699,652	687,360	639,471
In consuming establishment as of Feb. 28	1,601,649	1,566,014	1,751,756
In public storage as of Feb. 28	11,577,311	*12,317,305	11,428,726
Linters—Consumed month of February	101,082	100,983	90,841
Stocks Feb. 28	868,310	864,365	936,988
Cotton spindles active as of Feb. 28	17,642,000	17,636,000	17,945,000
COTTON GINNING (DEPT. OF COMMERCE):			
To March 20 (running bales)	11,425,444	------	10,880,378
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Feb. 28	20,388,000	20,497,000	20,918,000
Spinning spindles active on Feb. 28	17,642,000	17,636,000	17,945,000
Active spindle hours (000's omitted) Feb. 28	8,743,000	8,552,000	8,161,000
Active spindle hours for spindles in place Feb.	437.2	427.6	408.0
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of February:			
All manufacturing (production workers)	11,898,000	*11,849,000	11,767,000
Durable goods	6,775,000	*6,732,000	6,653,000
Nondurable goods	5,123,000	*5,117,000	5,114,000
Employment indexes (1947-49 Avge. = 100)—			
All manufacturing	96.2	*95.8	95.1
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	158.4	*158.1	144.9
Estimated number of employees in manufacturing industries—			
All manufacturing	15,737,000	*15,676,000	15,593,000
Durable goods	9,039,000	*8,986,000	8,906,000
Nondurable goods	6,698,000	*6,690,000	6,687,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of February:			
Weekly earnings—			
All manufacturing	$87.16	$87.38	$80.64
Durable goods	94.87	*94.94	86.46
Nondurable goods	78.01	*77.81	73.15
Hours—			
All manufacturing	39.8	39.9	38.4
Durable goods	40.2	*40.4	38.6
Nondurable goods	39.4	*39.3	38.1
Hourly earnings—			
All manufacturing	$2.19	$2.19	$2.10
Durable goods	2.36	*2.35	2.24
Nondurable goods	1.98	1.98	1.92
METAL PRICES (E. & M. J. QUOTATIONS)—March:			
Copper—			
Domestic refinery (per pound)	31.031c	29.617c	24.018c
Exports refinery (per pound)	30.271c	28.726c	20.738c
††London, prompt (per long ton)	£248,513	£236,206	£170,137
††Three months, London (per long ton)	£247,606	£235,531	£171,220
Lead—			
Common, New York (per pound)	11.412c	11.560c	13.000c
Common, East St. Louis (per pound)	11.209c	11.383c	12.800c
††London, prompt (per long ton)	£69.513	£69.966	£74.789
††Three months, London (per long ton)	£71,209	£70,775	£74,563
Zinc (per pound)—East St. Louis	11.000c	11.417c	10.000c
§§Zinc, prime Western, delivered (per pound)	11.500c	11.917c	10.500c
††Zinc, London, prompt (per long ton)	£75.122	£73.681	£63.488
††Zinc, London, three months (per long ton)	£73.931	£71.981	£63.557
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.351c	90.444c	88.625c
Silver, London (per ounce)	79.281d	77.206d	76.429d
Sterling Exchange (check)	$2.81271	$2.80935	$2.81540
Tin, New York Straits	103.119c	102.729c	94.514c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$224.636	$218.000	$231.692
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound), bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound), boxed Laredo	29.500c	24.417c	29.500c
Platinum, refined (per ounce)	$76.727	$57.278	$72.154
†Cadmium, refined (per pound)	$1.45000	$1.45000	$1.55000
‡Cadmium (per pound)	$1.45000	$1.45000	$1.55000
§Cadmium (per pound)	$1.45000	$1.45000	$1.55000
Cobalt, 97% grade (per pound—ounce ton)	$1.75000	$1.75000	$2.00000
Aluminum 99% grade ingot weighted average (per pound)	$26.800	$26.800	$28.100
Aluminum, 99% grade primary pig	$24.700	$24.700	$26.000
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914 = 100—As of Feb. 15:			
All farm products	243	244	246
Crops	218	215	219
Commercial vegetables, fresh	264	266	*306
Cotton	239	238	211
Feed, grains and hay	154	152	*145
Food grains	203	199	*221
Fruit	225	211	*199
Oil-bearing crops	221	218	*225
Potatoes	123	129	204
Tobacco	505	500	475
Livestock	265	270	269
Dairy products	259	264	*263
Meat animals	322	328	*321
Poultry and eggs	158	160	169
Wool	197	201	*241
PROSPECTIVE PLANTING FOR 1958—U. S. CROP REPORTING BOARD — ACREAGES IN THOUSANDS—As of March 1:			
Corn, all	83,921	------	74,654
All spring wheat	13,405	------	12,343
Durum	1,273	------	947
Other spring	12,132	------	11,396
Oats	35,998	------	38,430
Barley	17,093	------	16,268
Flaxseed	3,678	------	4,014
Rice	1,603	------	1,444
Sorghums for all purposes	20,440	------	21,176
Potatoes—			
Winter	27	------	38
Early Spring	26	------	33
Late Spring	156	------	183
Early Summer	96	------	108
Late Summer and Fall	1,087	------	1,136
Total	1,392	------	1,498
Sweetpotatoes	275	------	272
Tobacco	1,161	------	1,081
Beans, dry edible	1,656	------	1,644
Peas, dry field	311	------	227
Soybeans	23,172	------	24,900
Peanuts	1,702	------	1,755
Hay	70,499	------	73,033
Sugar beets	942	------	933

*Revised figure. †Average based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to platers. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne U. S. duty included. ††Average of daily mean and bid and ask quotation at morning session of London Metal Exchange. ‡‡Increase all stocks.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Academy Life Insurance Co. (4/27)
March 31 filed 310,000 shares of common stock (par 30 cents) to be offered for subscription by common stockholders on the basis of 0.525 shares of additional stock for each share held of record April 24, 1959 (for a 20-day standby). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—405 Exchange National Bank Bldg., Denver, Colo. **Underwriters**—Boettcher & Co., Inc. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo.

★ Acoma Uranium & Oil Corp.
March 31 (letter of notification) 700,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining expenses. **Office**—642 Fifth Avenue, New York, N. Y. **Underwriter**—None.

● Adam Consolidated Industries, Inc. (4/20-24)
March 30 filed $1,500,000 of convertible subordinated debentures, due 1974. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—404 Fifth Ave., New York, N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

★ Admiralty Alaska Gold Mining Co.
March 25 (letter of notification) 1,000,000 shares of common stock (par $1). **Price**—30 cents per share. **Proceeds**—For mining expenses. **Address**—Box 2642, Juneau, Alaska. **Underwriter**—None.

Advanced Research Associates, Inc.
Dec. 1 filed 400,000 shares of common stock (par five cents). **Price**—$6 per share. **Proceeds**—For research and development program; and for equipment and working capital. **Office** — 4130 Howard Ave., Kensington, Md. **Underwriters** — Wesley Zaugg & Co., Kensington, Md., and Williams, Widmayer Inc., Washington, D. C.

Agricultural Insurance Co.
March 23 filed 132,000 shares of capital stock (par $10), to be offered in exchange for stock of Anchor Casualty Co. at the rate of one Agricultural share for each Anchor common share (par $10) and 1 1/10 Agricultural shares for each share of Anchor $1.75 cumulative convertible preferred stock (par $10). **Office**—215 Washington Street, Watertown, N. Y. **Underwriter**—None.

Aida Industries, Inc.
March 16 (letter of notification) 50,000 shares of cumulative preferred stock (par 75 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes and working capital. **Business** — Manufacture, sale and distribution of novelty items, toys and costume jewelry. **Office** — 146 West 28th St., New York, N. Y. **Underwriter** — Darius Inc., New York.

Airtek Dynamics, Inc. (4/27-5/1)
March 27 filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and for repayment of bank and other loans. **Office**—2222 South Figueroa Street, Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

★ Alabama Power Co. (4/30)
April 3 filed $20,000,000 of first mortgage bonds due 1989. **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly); Harriman Ripley & Co., Inc. and Goldman, Sachs & Co. (jointly); Morgan Stanley & Co.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received on April 30.

Alaska Juneau Gold Mining Co.
Dec. 29 filed 640,660 outstanding shares of common stock, of which 300,000 shares are to be offered currently and the remaining 340,660 shares in the future. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—6327 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., Los Angeles, Calif. No public offering expected.

Alaska Mines & Metals Inc.
Feb. 25 filed 1,431,200 shares of common stock (par $1), of which 1,000,000 shares are to be offered publicly and 431,200 shares are to be reserved for sale to the holders of 6% debentures due 1962 issued by DeCoursey-Brewis Minerals Ltd., the company's parent (payment for the shares by such debenture holders may be made by delivery of debentures at par plus interest with premium for Canadian exchange rate). Purchasers will receive common stock purchase warrants on all shares purchased for cash or for the 6% debentures of the parent at the rate of one for each five shares purchased. **Price**—$1.25 per share. **Proceeds**—For general corporate purposes and working capital. **Office**—423 Fourth Ave., Anchorage, Alaska. **Underwriter**—To be named by amendment.

Allied Publishers, Inc., Portland, Ore.
Nov. 28 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—665 S. Ankeny St. Portland 14, Ore. **Underwriter**—First Pacific Investment Corp., Portland, Ore.

Alscope Explorations Ltd.
March 26 filed 1,000,000 shares of capital stock, of which 700,000 shares are to be offered publicly in the United States, and 300,000 shares in Canada. **Price**—Related to the then current market price on the Canadian Stock Exchange (31 cents per share on March 16). **Proceeds**—For properties, drilling costs, working capital and general corporate purposes. **Office** — 303 Alexandra Bldg., Edmonton, Canada. **Underwriter**—None in United States; Forget & Forget in Montreal, Canada.

American Asiatic Oil Corp.
Nov. 24 filed 100,000,000 shares of capital stock. **Price**—Two cents per share. **Proceeds**—To selling stockholders. **Office**—Magsaysay Building, San Luis, Ermita, Manila, Republic of Philippines. **Underwriter** — Gaberman & Hagedorn, Inc., Manila, Republic of Philippines.

American Biltrite Rubber Co., Inc. (4/20-24)
March 31 filed 325,000 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Goldman, Sachs & Co., New York.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive in stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

★ American Electric Power Co., Inc.
April 6 filed 173,000 shares of common stock to be offered to employees pursuant to American Electric Power System Key Employee Stock Purchase Plan—1959. **Office**—30 Church St., New York, N. Y.

American Growth Fund, Inc., Denver, Colo.
Nov. 17 filed 1,000,000 shares of capital stock (par one cent). **Price**—At market. **Proceeds**—For investment. **Office**—800 Security Building, Denver, Colo. **Underwriter**—American Growth Fund Sponsors, Inc., 800 Security Bldg., Denver 2, Colo.

American Independent Reinsurance Co.
March 25 filed 514,500 shares of common stock, to be offered for subscription by common stockholders at the rate of 1.4 new shares for each one share held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—307 S. Orange Avenue, Orlando, Fla. **Underwriters**—Francis I. du Pont & Co., Lynchburg, Va., and Goodbody & Co., New York, N. Y.

American Investors Syndicate, Inc.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For operation of an apartment hotel. **Office**—513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, Louisiana.

American Mutual Investment Co., Inc.
Dec. 17, 1957, filed 490,000 shares of capital stock. **Price**—$10.20 per share. **Proceeds** — For investment in first trust notes, second trust notes and construction loans. Company may develop shopping menters and build or purchase office buildings. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None. Sheldon Magazine, 1201 Highland Drive, Silver Spring, Md., is President.

Amican Petroleum & Natural Gas Corp. Ltd.
March 23 filed 745,000 shares of capital stock (no par), of which 500,000 shares are to be sold for the account of the company, and 245,000 shares by the holders thereof. **Price**—30 cents per share. **Proceeds**—For exploration and development program. **Office** — 2100 Scarth Street, Regina, Saskatchewan, Canada. **Underwriter**—Cumberland Securities, Ltd., Regina, Canada.

★ American Research & Development Corp. (4/20-24)
March 31 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—200 Berkeley St., Boston, Mass. **Underwriter**—Lee Higginson Corp., New York.

American Telemail Service, Inc.
Feb. 17, 1958, filed 375,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase equipment and supplies and for working capital and other corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—Amos Treat & Co., Inc., of New York. **Change in Name**—Formerly United States Telemail Service, Inc.

● Ampex Corp.
March 12 filed 204,191 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one new share for each 10 shares held on April 2; rights to expire on April 17. **Price**—$52.50 per share. **Proceeds**—For working capital. **Underwriters**—Blyth & Co., Inc., San Francisco and New York; and Irving Lundborg & Co., San Francisco, Calif.

★ Analab Instrument Corp.
March 30 (letter of notification) 48,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase manufacturing and engineering equipment, and for working capital. **Office** — 250 Bellevue Ave., Montclair, N. J. **Underwriter**—None.

Anken Chemical & Film Corp. (4/16-24)
March 27 filed 225,000 shares of common stock, of which 112,500 shares are to be sold for the account of selling stockholders, and 112,500 shares for the account of the company. **Price** — To be supplied by amendment. **Proceeds**—To construct and equip plant space adjoining present facilities of the company in Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York.

★ Apache Oil Corp.
March 30 filed 350 units of participation in the Apache Oil Program 1960. **Price**—$12,000 per unit. **Proceeds**—For general corporate purposes. **Office**—523 Marquette Avenue, Minneapolis, Minn. **Underwriter**—APA, Inc., the corporation's subsidiary.

Arkansas Power & Light Co. (5/5)
March 26 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc., and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.; The First Boston Corp. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 5.

★ Arkansas Western Gas Co. (5/1)
April 6 filed $1,000,000 of sinking fund debentures due 1984 (convertible until April 1, 1969). **Price**—To be supplied by amendment. **Proceeds**—For property additions and improvements. **Underwriters**—Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc., both of New York.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lenchery Inc., Pittsburgh, Pa.

Associated Bowling Centers, Inc.
Nov. 24 filed 300,000 shares of 20-cent cumulative convertible preferred stock (par one cent) and 50,000 outstanding shares of common stock (par one cent). The preferred shares are to be offered for public sale for the account of the company and the common shares will be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To acquire new bowling centers and increase working capital (part to be used in defraying cost of acquisition of stock of owner of a Brooklyn (N.Y.) bowling center. **Office**—135 Front St., N. Y. **Underwriter** — To be named by amendment. **Offering**—Expected in two weeks.

● Atlantic Research Corp. (4/20-24)
March 31 filed 110,000 shares of common stock, of which 100,000 shares are to be offered publicly and 10,000 shares to employees under company's incentive plan. **Price** — To be supplied by amendment. **Proceeds** — To reduce short-term bank loans and to provide equipment for development and production of propellant rockets. **Office**—Alexandria, Va. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Atlas Investment Co.
Feb. 3 filed 50,000 shares of common voting stock (par $10). **Price** — $25 per share. **Proceeds** — To purchase additional contribution certificates of Great Basin Insurance Co. **Office**—704 Virginia Street, Reno, Nev. **Underwriter**—None.

★ Austral 1960 Corp. for Oil Exploration
April 1 filed $5,000,000 of Oil Exploration Agreements for 1960. **Proceeds**—To acquire property interests and for drilling operations. **Office**—650 Fifth Avenue, New York, N. Y.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office**—1301 Avenue L, Cisco, Tex. **Underwriter**—None. Robert Kamon is President.

Automatic Canteen Co. of America
March 2 filed 292,426 shares of common stock, of which, the company proposes to issue 126,072 shares to A.M.I. Inc. for the latter's property and assets, and the remaining 166,354 shares are to be issued upon the exercise of stock options. **Underwriter**—None.

Bankers Fidelity Life Insurance Co.
Feb. 28, 1958, filed 258,740 shares of common stock (par $1), of which 125,000 shares are to be offered publicly and 133,740 shares to employees pursuant to stock purchase options. **Price**—To public, $6 per share. **Proceeds**—For expansion and other corporate purposes. **Office**—Atlanta, Ga. **Underwriter**—None.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notiifcation) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

● Bargain City, U. S. A., Inc. (4/24-27)
Dec. 29 filed 5,000,000 shares of common stock (no par), later reduced to 500,000 shares (par $1). **Price**—$9 per share. **Proceeds**—For expansion and acquisition or leasing of new sites. **Office**—2210 Walnut Street, Philadelphia, Pa. **Underwriter**—Bear, Stearns & Co., New York.

Barnes Engineering Co. (4/20)
March 20 filed 110,000 shares of common stock, of which 85,000 shares are to be offered for public sale by Fox, Wells & Rodgers, the holder thereof; and the remaining 25,000 shares for the account of the Barnes company.

Price—To be supplied by amendment. **Proceeds**—$104,-995 to prepay a 4% note due in December; $100,000 to pay the remaining tax liability of a former subsidiary; and the balance will be added to working capital and used for general corporate purposes, including approximately $100,000 for plant and test equipment, fixtures and leasehold improvements in connection with plant expansion. **Office**—30 Commerce Rd., Stamford, Conn. **Underwriter**—Hayden, Stone & Co., New York.

★ Barnstable Bay Inc.
March 31 (letter of notification) $204,000 principal amount of undivided interest in the Wanderlust Motel property and selling at various prices. The securities are being offered for fractional interest in the fee title of the land, buildings and furnishings of the motel. **Address**—Route 6A, Dennis, Mass. **Underwriter**—None.

Basic Atomics Inc.
March 5 filed 444,246 shares of common stock (par 10 cents). **Price**—At prevailing market price, in the Over-the-Counter Market. **Proceeds**—To selling stockholders. **Underwriter**—None.

● Billups Western Petroleum Co. (4/20-24)
April 1 filed $5,000,000 of 6% participating debentures due May 1, 1984 and 1,000,000 shares of common stock to be offered in units of $10 of debentures and two shares of stock which will not be transferable separately until Nov. 14, 1959. The company is also registering 50,000 shares of common stock, not included in the units, which will be offered to its employees. **Price**—To be supplied by amendment. **Proceeds**—To be used in the acquisition of substantially all the assets of 39 corporations and a partnership engaged in the operation of 195 gasoline stations in Mississippi, Texas, Louisiana, Alabama, Missouri, and Tennessee. **Underwriter**—The Johnson, Lane, Space Corp., Savannah, Ga.

● Black Hills Power & Light Co.
March 13 filed 32,198 shares of common stock (par $1), being offered for subscription by holders of outstanding common stock of record April 1, 1959 on the basis of one new share for each 11 shares held (with an over-subscription privilege); rights to expire on April 16. **Price**—$28.25 per share. **Proceeds**—To be used to pay for property additions and improvements and to repay some $400,000 of bank loans obtained primarily for such purpose. **Office** — 621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering**—Expected today (April 2).

Boonshaft & Fuchs, Inc., Huntingdon Valley, Pa.
March 20 (letter of notification) 90,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For expansion; to repay bank loans and for working capital. **Office**—994 Byberry Rd., Huntingdon Valley, Pa. **Underwriter**—Woodcock, Hess, Moyer & Co., Inc., Philadelphia, Pa.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box 506, Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Has been delayed.

Brockton Edison Co. (4/22)
March 6 filed 40,000 shares of preferred stock (par $50). **Proceeds**—To reduce short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Wood, Struthers & Co. (jointly); Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on April 22 at 49 Federal St., Boston, Mass.

Brookridge Development Corp.
Dec. 19 (letter of notification) $200,000 of 6% 15-year convertible debentures. **Price**—At par ($500 per unit). **Proceeds**—For expansion and working capital. **Office**—901 Seneca Ave., Brooklyn 27, N. Y. **Underwriter** — Sano & Co., 15 William St., New York, N. Y.

B. S. F. Co. (4/22)
March 26 filed 113,079 shares of capital stock (par $1) and warrants for the purchase of an additional 113,079 shares, to be offered in units, each unit consisting of one share of stock and one warrant, for subscription by stockholders of record April 21, 1959, at the rate of one unit for each three shares then held; rights to expire on May 6 (the warrants carry an initial exercise price of $20). **Price**—To be supplied by amendment. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—Sutro Bros. & Co., New York.

★ Butler Brothers, Chicago, Ill.
April 6 filed 40,000 shares of common stock, to be offered for sale by the company upon the exercise of options which have been or are to be issued pursuant to the company's Employees' Stock Purchase Plan.

● Carlon Products Corp., Aurora, Ohio (4/15)
March 12 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and other corporate purposes. **Business**—Manufacturer of plastic pipe and pipe fittings. **Underwriter**—Shearson, Hammill & Co., New York.

Cemex of Arizona, Inc.
Nov. 17 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Address**—P. O. Box 1849, 3720 E.

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NEW ISSUE CALENDAR

April 10 (Friday)

Southern Union Gas Co.____Preferred
(Offering to stockholders—underwritten by Snow, Sweeney & Co., Inc. and A. C. Allyn & Co.) $11,068,275

April 13 (Monday)

Dorsey Corp.____Preferred
(Blair & Co., Inc.) $1,250,000

Dorsey Corp.____Common
(Blair & Co., Inc.) 150,000 shares

Dynacolor Corp.____Debentures
(Lee Higginson Corp.) $1,600,000

Fed-Mart Corp.____Common
(Eastman Dillon, Union Securities & Co.) $1,877,700

Hermetic Seal Corp.____Common
(Amos Treat & Co., Inc.) $300,000

SIMCA Societe Anonyme, of France____Common
(Offering to stockholders—not being underwritten) $10,120,000

April 14 (Tuesday)

Central Power & Light Co.____Bonds
(Bids 10 a.m. CST) $11,000,000

Louisiana Power & Light Co.____Preferred
(Bids to be invited) $7,500,000

April 15 (Wednesday)

Carlon Products Corp.____Common
(Shearson, Hammill & Co.) 100,000 shares

Little (J. J.) & Ives Co.____Common
(Shields & Co.) $875,000

Wisconsin Power & Light Co.____Bonds
(Bids 11:30 a.m. EST) $14,000,000

April 16 (Thursday)

Anken Chemical & Film Corp.____Common
(R. W. Pressprich & Co. and Riter & Co.) 225,000 shares

Chadbourn Gotham, Inc.____Debentures
(Offering to stockholders—underwritten by R. S. Dickson & Co., Inc.) $3,000,000

Philco Corp.____Debentures
(Smith, Barney & Co.) $20,000,000

April 20 (Monday)

Adam Consolidated Industries, Inc.____Debentures
(Dempsey-Tegeler & Co.) $1,500,000

American Biltrite Rubber Co., Inc.____Common
(Goldman, Sachs & Co.) $325,000 shares

American Research & Development Corp.____Com.
(Lee Higginson Corp.) 100,000 shares

Atlantic Research Corp.____Common
(Johnston, Lemon & Co.) 110,000 shares

Barnes Engineering Co.____Common
(Hayden, Stone & Co.) 110,000 shares

Billups Western Petroleum Co.____Debentures
(The Johnson, Lane, Space Corp.) $5,000,000

Central Louisiana Electric Co., Inc.____Bonds
(Bids noon EST) $5,000,000

Coastal States Life Insurance Co.____Common
(The Johnson, Lane, Space Corp.) 74,728 shares

Cooper Tire & Rubber Co.____Debentures
(Paine, Webber, Jackson & Curtis and Prescott, Shepard & Co., Inc.) $3,500,000

DeJur-Amsco Corp.____Common
(H. M. Byllesby & Co., Inc.) $1,000,000

DeJur-Amsco Corp.____Common
(H. M. Byllesby & Co., Inc.) 225,000 shares

Florida Steel Corp.____Debentures
(Offering to stockholders—underwritten by McDonald & Co. and Kidder, Peabody & Co.) $2,135,700

General Telephone & Electronics Corp.____Common
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) 800,000 shares

Loral Electronics Corp.____Common
(Kidder, Peabody & Co. and Model, Roland & Stone) 250,000 shares

Mary Carter Paint Co.____Common
(W. W. Schroeder & Co.) $300,000

Moog Servocontrols, Inc.____Common
(Kidder, Peabody & Co. and Blunt Ellis & Simmons) 130,000 shares

Republic Foil Inc.____Common
(Offering to stockholders—underwritten by Laird & Co., Corp.) 70,196 shares

Wometco Enterprises, Inc.____Common
(Lee Higginson Corp.) 325,000 shares

April 21 (Tuesday)

Diamond State Telephone Co.____Debentures
(Bids 11:00 a.m. EST) $5,000,000

First National Trust & Savings Bank of San Diego____Common
(Offering to stockholders—underwritten by Dean Witter & Co.; Blyth & Co., Inc.; William R. Staats & Co.; Eastman Dillon, Union Securities & Co. and Dewar & Co.) 105,000 shares

Frito Co.____Common
(White, Weld & Co. and Dittmar & Co.) 200,000 shares

Greater All American Markets, Inc.____Common
(J. Barth & Co.) 300,000 shares

April 22 (Wednesday)

Brockton Edison Co.____Preferred
(Bids 11 a.m. EST) $2,000,000

B. S. F. Co.____Common & Warrants
(Offering to stockholders—underwritten by Sutro Bros. & Co.) 113,079 units

Penn-Texas Corp.____Common
(Offering to stockholders—underwritten by Bear, Stearns & Co.) 1,500,000 shares

Southern Italy Development Fund____Bonds
(Morgan Stanley & Co.) $30,000,000

(April 23 (Thursday)

Laguna Niguel Corp.____Units
(Paine, Webber, Jackson & Curtis) $18,000,000

Maine Fidelity Life Insurance Co.____Common
(Offering to stockholders—underwritten by P. W. Brooks & Co., Inc.) 100,000 shares

April 24 (Friday)

Bargain City, U. S. A.____Common
(Bear, Stearns & Co.) $4,500,000

April 27 (Monday)

Academy Life Insurance Co.____Common
(Offering to stockholders—underwritten by Boettcher & Co., Inc. and Bosworth, Sullivan & Co., Inc.) 310,000 shares

Airtek Dynamics, Inc.____Common
(S. D. Fuller & Co.) 150,000 shares

Maine Public Service Co.____Common
(A. G. Becker & Co. Inc.; Merrilly Lynch, Pierce, Fenner & Smith, Inc.; and Kidder, Peabody & Co.) 50,000 shares

Precon Electronics Corp.____Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000

Washington Gas Light Co.____Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Johnston, Lemon & Co.) $10,000,000

April 28 (Tuesday)

Di-Noc Chemical Arts, Inc.____Debentures
(Offering to stockholders—underwritten by Blair & Co., Inc.) $947,200

Public Service Co. of Colorado____Bonds
(Bids 11 a.m. EDT) $20,000,000

Southern Nevada Power Co.____Preferred
(White, Weld & Co.) $1,500,000

April 30 (Thursday)

Alabama Power Co.____Bonds
(Bids to be invited) $20,000,000

May 1 (Friday)

Arkansas Western Gas Co.____Debentures
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) $1,000,000

May 4 (Monday)

Magma Power Co.____Preferred & Common
(J. Barth & Co.) $6,300,000

May 5 (Tuesday)

Arkansas Power & Light Co.____Preferred
(Bids 11:30 a.m. EDT) $7,500,000

May 11 (Monday)

Southern Nevada Power Co.____Bonds
(Bids 9 a.m. PST) $5,500,000

May 12 (Tuesday)

Central Illinois Light Co.____Debentures
(Offering to stockholders—may be underwritten by Eastman Dillon, Union Securities & Co.) $10,038,700

El Paso Electric Co.____Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 76,494 shares

Southwestern Electric Power Co.____Bonds
(Bids 11:30 a.m. EDT) $16,000,000

May 13 (Wednesday)

Idaho Power Co.____Bonds
(Bids 11 a.m. EDT) $15,000,000

May 15 (Friday)

Seaboard Plywood & Lumber Corp.____Common
(Peter Morgan & Co.) $450,000

May 19 (Tuesday)

El Paso Electric Co.____Bonds
(Bids 11 a.m. EDT) $3,500,000

El Paso Electric Co.____Preferred
(Bids 11 a.m. EDT) $2,000,000

May 20 (Wednesday)

Interstate Power Co.____Bonds
(Bids 11 a.m. EDT) $6,000,000

May 21 (Thursday)

Consolidated Natural Gas Co.____Common
(Offering to stockholders—no underwriting) 821,256 shares

May 25 (Monday)

West Penn Power Co.____Bonds
(Bids noon EST) $14,000,000

May 26 (Tuesday)

Consolidated Edison Co. of New York, Inc.____Bonds
(Bids 11 a.m. EDT) $50,000,000 to $60,000,000

May 28 (Thursday)

Southern Electric Generating Co.____Bonds
(Bids to be invited) $25,000,000

May 29 (Friday)

Bank of Commerce, Washington, D. C.____Common
(Offering to stockholders) $300,000

June 2 (Tuesday)

Public Service Electric & Gas Co.____Debentures
(Bids to be invited) $30,000,000 to $40,000,000

Virginia Electric & Power Co.____Common
(Bids to be received) $20,000,000 to $25,000,000

June 23 (Tuesday)

Northern Illinois Gas Co.____Bonds
(Bids to be invited) $20,000,000

June 25 (Thursday)

Mississippi Power Co.____Bonds
(Bids to be invited) $5,000,000

September 10 (Thursday)

Georgia Power Co.____Bonds
(Bids to be invited) $18,000,000

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32nd Street, Yuma, Ariz. **Underwriter**—L. A. Huey Co., Denver, Colo.

Central Louisiana Electric Co., Inc. (4/20)
March 20 filed $5,000,000 of first mortgage bonds, series I, due 1989. **Proceeds**—To repay $1,000,000 of bank loans and to finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler, Merrill Lynch, Pierce, Fenner & Smith, Inc., and Stroud & Co. (jointly); Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to noon (EST) on April 20.

Central Power & Light Co. (4/14)
March 16 filed $11,000,000 of first mortgage bonds, series I, due April 1, 1989. **Proceeds**—To finance part of company's construction costs and to prepay and discharge all bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers and Glore Forgan & Co. (jointly); Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co., Inc., and Bear, Stearns & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 10 a.m. (CST) on April 14.

Cerro de Pasco Corp.
March 4 filed $8,040,200 of 5½% subordinated debentures due 1979 (convertible until Dec. 31, 1968) and 61,522 shares of common stock being issued to stockholders of Consolidated Coppermines Corp. (which is to be dissolved and liquidated) on the basis of 0.107126 of a share of common stock (par $3) and $14 principal amount of debentures of Cerro de Pasco Corp., plus 2.673 cents in cash for each Consolidated Coppermines share. **Underwriter** — None. Statement effective March 25.

Chadbourn Gotham, Inc. (4/16)
March 26 filed $3,000,000 of 5.90% convertible subordinated debentures, due April 1, 1971 (with warrants to purchase 300,000 shares of common stock) to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures (with warrant for purchase of 10 shares) for each 68 common shares held. **Price** — To be supplied by amendment. **Proceeds** — To provide additional working capital to finance the company's expanding business and will currently be applied to the reduction of short-term bank loans. **Underwriter** —R. S. Dickson & Co., Inc., Charlotte, N. C., and New York, N. Y.

Chattanooga Industrial Development Corp.
March 25 filed 37,500 shares of common stock. **Price**—$20 per share. **Proceeds**—For purchase and development of industrial properties and for working capital. **Office** —Chattanooga, Tenn. **Underwriter**—None.

City Lands, Inc., New York
Jan. 13 filed 100,000 shares of capital stock. **Price**—$20 per share. **Proceeds**—To invest in real estate. **Office**—Room 3748, 120 Broadway, New York, N. Y. **Underwriter** —Model, Roland & Stone, New York. **Offering**—Postponed indefinitely.

Clute Corp.
Aug. 21 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay additional costs of construction; and for retirement of obligations and working capital. **Office** — c/o John Harlan Lowell, 2200 Kenton, Aurora, Colo. **Underwriter** —Lowell, Murphy & Co., Inc., Denver, Colo.

★ **Coastal States Life Insurance Co. (4/20-24)**
March 31 filed 74,728 shares of common stock (par $1.25). **Price**—To be supplied by amendment. **Proceeds** —To selling stockholders. **Office**—Atlanta, Ga. **Underwriters**—The Johnson, Lane, Space Corp. Savannah, Ga.; and Walston & Co., Inc., New York.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price** — $205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Columbia Gas System, Inc.
March 5 filed 1,799,057 shares of common stock (par $10) being offered for subscription by common stockholders on the basis of one new share for each 15 shares held on April 1, 1959; rights to expire on April 20. **Price**—$21.75 per share. **Proceeds** — To finance System construction expenditures. **Underwriter**—Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly).

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

★ **Consolidated Cigar Corp.**
April 3 filed 31,200 shares of common stock, to be offered to certain officers and key employees of the company and certain subsidiaries pursuant to options granted in December, 1957. The exercise price of the options is $30.37½ per share.

Cooper Tire & Rubber Co. (4/20-24)
March 27 filed $3,500,000 of senior sinking fund debentures (with warrants). **Price** — At 100% of principal amount. **Proceeds**—To retire a $2,150,000 term loan, for the purchase and installation of a dual tube production line, and for working capital. **Office**—Lima and Western Avenue, Findlay, Ohio. **Underwriter**—Paine, Webber, Jackson & Curtis, New York; and Prescott, Shepard & Co., Inc., Cleveland, Ohio.

● **Cormac Chemical Corp.**
Jan. 22 filed 108,667 units of 108,667 shares of common stock (par one cent) and 108,667 common stock purchase warrants, each unit consisting of one common share and one warrant, being offered for subscription by holders of the common stock of Cormac Photocopy Corp. at the rate of one such unit for every six shares of Cormac Photography common held on April 9, 1959; rights to expire on or about April 22. **Price** — $2 per unit. **Proceeds**—To finance the company's development and marketing program. **Office**—80 Fifth Avenue, New York, N. Y. **Underwriter**—Ross, Lyon & Co., Inc., New York.

★ **Cotter & Co.**
March 27 (letter of notification) 1,400 shares of class A common stock and 700 shares of non-cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds** —For working capital. **Office**—2740 N. Claybourn Avenue, Chicago, Ill. **Underwriter**—None.

Crowley's Milk Co., Inc.
March 26 filed 60,000 outstanding shares of common stock (par $20). **Price**— To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—145 Conklin Ave., Binghamton, N. Y. **Underwriter**—None.

Cryogenic Engineering Co.
Sept. 22 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For repayment of loan; purchase of plant and office equipment; raw materials and supplies; and for working capital, etc. **Office**—U. W. National Bank Bldg. 1740 Broadway, Denver, Colo. **Underwriter**—L. A. Huey Denver, Colo.

★ **Cycon, Inc.**
March 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —For working capital. **Office**—Mearns Bldg., 142-148 N. Washington Ave., Scranton, Pa. **Underwriter**—Sano & Co., New York, N. Y. **Offering**—Expected in May.

Dalton Finance, Inc.
March 9 filed $500,000 of 7% subordinated debentures, due Jan. 2, 1974, with attached warrants for the purchase of 100,000 shares of class A common stock. **Price** —At face amount (in units of $500 each). **Proceeds**—To finance making of additional loans and to reduce short-term debt. **Office**—3800-34th St., Mt. Rainier, Md. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill., on a best efforts basis.

★ **Dan Creek Hydraulic Placer Mines, Inc.**
March 25 (letter of notification) 300,000 shares of non-assessable common stock to be offered in units of 1,000 shares. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—500 Wall Street, Seattle, Wash. **Underwriter**—None.

D. C. Transit System, Inc. (Del.)
Mar. 23 filed 350,000 outstanding shares of class A common stock. Trans Caribbean Airways, Inc., which owns all of this stock, proposes to give the holders of its outstanding class A stock, and holders of its outstanding 5½% convertible subordinated debentures, transferable warrants, which evidence the right to purchase shares of the class A stock on the basis of one share of class A stock for each three shares of the class A stock of Trans Caribbean which such holders either hold as stockholders or to which they are entitled upon conversion of their debentures (with an oversubscription privilege). Employees of Trans Caribbean and its subsidiaries will have the right to purchase up to 100,000 of the said 350,000 shares. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office**—Washington, D. C. **Underwriter**—None.

● **DeJur-Amsco Corp. (4/20-24)**
March 31 filed 225,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—H. M. Byllesby & Co., Inc., New York and Chicago.

● **DeJur-Amsco Corp. (4/20-24)**
March 31 filed $1,000,000 of convertible subordinated debentures due 1974. **Price**—To be supplied by amendment. **Proceeds** — To retire mortgage loans and bank notes and to provide additional working capital and for general corporate purposes. **Underwriter**—H. M. Byllesby & Co., Inc., New York and Chicago.

★ **Delta Foods Corp.**
March 23 (letter of notification) $126,540 of debentures, 21,900 shares of class A common stock (par $8) and 3,515 shares of class B common stock (par one cent) to be offered in units of $36 of debentures, six shares of class A common stock and one share of class B common stock. **Price**—$85 per unit. **Proceeds**—For acquisition of proposed plant site; engineering plans and for general working capital. **Office**—4325 Alan Drive, Baltimore 29, Md. **Underwriter**—None.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For new equipment, repayment of loan, acquisition of properties under option, and other corporate purposes. **Office**—Toronto, Canada, and Emporium, Pa. **Underwriter**—None.

Diamond State Telephone Co. (4/21)
March 27 filed $5,000,000 of 35-year debentures, due April 1, 1994. **Proceeds**—To be used principally to repay advances from parent, American Telephone & Telegraph Co., and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co.; Eastman Dillon, Union Securities & Co., and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on April 21.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. **Underwriter** — Investment Service Co., Denver, Colo., on a best efforts basis.

★ **Dodge & Cox Fund, San Francisco, Calif.**
March 30 filed (by amendment) an additional 54,017 shares of beneficial interest in the Fund. **Price**—At market. **Proceeds**—For investment.

Dorsey Corp. (4/13-17)
March 20 filed 25,000 shares of 6% cumulative preferred stock, series A, $50 par (with warrants attached for the purchase of 50,000 common shares) and 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Together with $1,000,000 of institutional borrowings and other company funds, will be applied for purchase by its subsidiary of the assets of Dorsey Trailers, Inc. and to the retirement of the latter company's notes and installment contracts, in the approximate amounts of $4,000,000 and $670,392, respectively. **Office**—100 West 10th St., Wilmington, Del. **Underwriter**—Blair & Co., Inc., New York.

● **Dynacolor Corp., Rochester, N. Y. (4/13-17)**
March 24 filed $1,600,000 of 7% sinking fund debentures due 1969 and 155,000 shares of common stock. The company proposes to offer the debentures and 80,000 common shares in units, consisting of $100 of debentures and five common shares. Remaining 75,000 outstanding common shares are to be offered for sale by the holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To pay bank loans and for construction, equipment and development. **Underwriter**—Lee Higginson Corp., New York.

★ **Eckert Mineral Research, Inc.**
March 27 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds** —For mining and selling of ore. **Office**—110 E. Main St., Florence, Colo.. **Underwriter**—Harris Securities Corp., New York, N. Y.

★ **Electro Networks, Inc.**
April 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2.70 per share. **Proceeds** — To purchase test equipment, and for general working capital. **Office**—1920 Park St., Syracuse, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y.

Emerite Corp.
Jan. 19 (letter of notification) 250,000 shares of series 3 common stock (no par) to be offered for subscription by stockholders on the basis of one share of series 3 stock for each three shares of series 1 and/or series 2 common stock held; unsubscribed shares to other stockholders. Rights expire 30 days from offering date. **Price**—$1 per share. **Proceeds**—For working capital. **Office**—333 S. Farish Street, Jackson, Miss. **Underwriter** —None.

★ **Emerson Electric Manufacturing Co.**
March 30 filed 25,962 shares of common stock, to be offered to employees of the company and its subsidiaries who hold options under the company's 1958 Supervisory, Administrative and Professional Employees Stock Option Plan. **Price**—$32.25 per share.

● **Eurofund, Inc.**
Feb. 26 filed 2,500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Office** —14 Wall St., New York. **Underwriter**—Glore, Forgan & Co., New York. **Offering**—Temporarily postponed.

Federated Corp. of Delaware
Dec. 29 filed $918,000 of 6% convertible subordinated debentures due 1968. The company proposes to offer $210,000 of the debentures to purchase the capital stock of Consumers Time Credit, Inc., a New York company; $442,000 of the debentures in exchange for Consumers debentures; and $226,000 of the debentures in exchange for the outstanding 12% debentures of three subsidiaries of Federated. **Office**—1 South Main Street, Port Chester, N. Y. **Underwriter**—None.

Federated Finance Co.
Nov. 17 (letter of notification) $300,000 of 10-year 6% senior subordinated debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds** — For working capital, to make loans, etc. **Office**—2104 "O" St., Lincoln, Neb. **Underwriters** — J. Cliff Rahel & Co. and Eugene C. Dinsmore, Omaha, Neb.

● **Fed-Mart Corp. (4/13-17)**
March 16 filed 170,700 shares of common stock. **Price**—$11 per share. **Proceeds**—For acquisition of land, buildings and fixtures for two new stores; for expansion of operations of Reid Oil Co., a subsidiary; to reduce debt; and for working capital. **Office**—8001 Athello St., San Diego, Calif. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Finance For Industry, Inc.
Dec. 16 filed 200,000 shares of class A common stock. **Price**—At par ($1.50 per share). **Proceeds**—For working capital. **Office**—508 Ainsley Bldg., Miami, Fla. **Underwriter** — R. F. Campeau Co., Penobscot Bldg., Detroit, Mich.

★ Fireman's Fund Insurance Co.
April 1 filed $3,000,000 of interests in the Fireman's Fund Savings and Supplemental Retirement Plan and 50,420 shares of the Insurance company's common stock which may be acquired pursuant to said plan.

Florida Builders, Inc.
Dec. 1 filed $4,000,000 of 6% 15-year sinking fund subordinated debentures and 40,000 shares of common stock, to be offered in units of $100 principal amount of debentures and one share of common stock. Price — $110 per unit. Proceeds—For purchase and development of subdivision land, including shopping site; for new equipment and project site facilities; for financing expansion program; and for liquidation of bank loans and other corporate purposes. Office—700 43rd St., South, St. Petersburg, Fla. Underwriter—None.

★ Florida Steel Corp. (4/20)
March 31 filed $2,135,700 of convertible subordinated debentures due May 1, 1971, to be offered for subscription by common stockholders at the rate of $100 of debentures for each 50 shares of stock held on April 17; rights to expire on or about May 4. **Price**—To be supplied by amendment. **Proceeds**—To retire existing long-term bank loans, and for additional working capital. **Underwriters**—McDonald & Co., Cleveland, Ohio; and Kidder, Peabody & Co., New York.

Fluorspar Corp. of America
Feb. 5 (letter of notification—as amended) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—4334 S. E. 74th Ave., Portland 6, Ore. **Underwriter**—Evergreen Securities, Inc., 4314 N. E. 96th Ave., Portland, Ore.

Food Fair Stores, Inc.
Feb. 27 filed $21,203,200 of 20-year 4% convertible subordinated debentures due 1979 being offered initially for subscription by common stockholders of record on or about March 24, 1959, on the basis of $100 principal amount of debentures for each 25 shares of common stock held; rights to expire on April 10, 1959. **Price**—At par (flat). **Proceeds** — For general corporate purposes, including additional working capital and future capital expenditures. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

★ Forney Arc Welders, Inc.
March 25 (letter of notification) 10,000 shares of class A common stock (par $5). **Price**—$30 per share. **Proceeds**—For working capital. **Office**—1830 La Porte Avenue, Fort Collins, Colo. **Underwriter**—None.

★ Forney Manufacturing Co.
March 27 (letter of notification) 20,000 shares of class A common stock (no par), including 4,644 shares to be offered in recision to purchasers which were inadvertently made. **Price**—$15 per share. **Proceeds**—For working capital. **Office**—1830 La Porte Avenue, Fort Collins, Colo. **Underwriter**—None.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds**—To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None.

Frito Co. (4/21)
March 25 filed 200,000 shares of common stock (par $2.50), of which 140,000 shares are for the account of selling stockholders and 60,000 shares for company's account. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—White, Weld & Co., New York; and Dittmar & Co., San Antonio, Texas.

General Aniline & Film Corp., New York
Jan. 14, 1957 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1) Proceeds—To the Attorney General of the United States Underwriter—To be determined by competitive bidding Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Lehman Brothers, and Glore, Forgan & Co. (jointly). Bids—Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C. but bidding has been postponed.

● General Builders Corp., New York
Feb. 26 filed $2,131,000 of 6% subordinated debentures, due April 30, 1963, with detachable warrants to purchase 213,100 shares of common stock (each $100 debenture will be accompanied by a warrant for the purchase for cash of 10 common shares at $3 per share at any time beginning Oct. 30, 1959 to and including April 30, 1969). The company is offering holders of its outstanding common stock and its outstanding cumulative preferred stock of record April 8, 1959, the right to subscribe to a total of $1,631,000 of the debentures with warrants. The remaining $500,000 of debentures with warrants are being sold to a group of purchasers (who are also stockholders of the company) who have agreed also to purchase certain additional amounts of debentures with warrants if subscription rights are not exercised in at least the amount of $500,000. Subscription warrants will expire on May 11, 1959. **Price** — $100 per unit. **Proceeds** — To repay promissory notes, and the balance, if any, will be added to working capital, to be used in part to reimburse the company's treasury for payments made upon the acquisition of land and as working capital for such building projects as the company may undertake. **Office**—2413 Third Ave., New York, N. Y. **Underwriter**—None.

General Merchandising Corp., Memphis, Tenn.
Feb. 18 filed 250,000 shares of class "A" common stock (par one cent). **Price**—$10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

★ General Motors Corp., New York
April 7 filed 1,600,000 shares of common stock to be offered pursuant to the General Motors Savings-Stock Purchase Program for Salaried Employees in the United States.

General Telephone & Electronics Corp. (4/20)
March 31 filed 800,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—New York, N. Y. **Underwriters** — Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Jones & Templeton.

★ General Waterworks Corp.
March 31 filed 16,131 shares of $5 voting preferred stock (par $100) and 66,131 shares of 80-cent dividend voting second preferred stock (convertible—par $1). The company proposes to offer one share of the 80-cent dividend second preferred stock for each share of New Rochelle Water Co. and one share of its $5 preferred and one share of the 80-cent dividend second preferred for each share of New Rochelle $3.50 preferred (including accumulated unpaid dividends from November, 1950). The offer is conditioned upon acceptance by holders of 80% of New Rochelle stock. **Office**—3219 Philadelphia Pike, Claymont, Del.

★ Gillette Co.
April 6 filed 100,000 shares of common stock, to be offered for sale (along with 136,200 shares covered by two prior filings) pursuant to the terms of the company's Employees' Stock Option Plan.

Glickman Corp.
March 13 filed 3,357,700 shares of common stock. **Price**—$10 per share. **Proceeds** — For properties, furniture, fixture and leasehold improvements and other expenses. **Office**—565 Fifth Ave., New York, N. Y. **Underwriter**—Bache & Co., New York, N. Y.

Godfrey Co., Milwaukee, Wis.
March 23 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To provide inventory and working capital for four new supermarkets in the amount of some $309,400, and to provide fixtures and equipment with respect thereto in the amount of $635,000; some $30,000 will be used to provide equipment and improvements for Crestwood Bakery, a subsidiary; and the balance will be used for investments in controlling stock in retailer-franchised Sentry Markets and in interim investments in sites and developments prior to resale. **Office**—4160 North Port Washington Rd., Milwaukee, Wis. **Underwriter** — Taylor, Rogers & Tracy, Inc., Chicago, Ill.

Government Employees Variable Annuity Life Insurance Co.
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held (as of Dec. 31, 1958 there were 143,703 shares of stock outstanding and $589,640 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,733 common shares would be outstanding. **Price**—$3 per share. **Proceeds**—For capital and surplus. **Office**—Government Employees Insurance Bldg., Washington, D. C. **Underwriters** — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass. **Offering**—Indefinitely postponed.

Gray Drug Stores, Inc.
March 6 filed $2,313,500 of convertible debentures due 1974, being offered for subscription by common stockholders of record March 27, 1959, on the basis of $100 of debentures for each seven shares held; rights to expire on April 14. **Price**—At par. **Proceeds**—To retire term loan indebtedness and the balance of note issued by the company as part of the consideration for the assets of The King Drug Co.; for capital expenditures; and the balance for working capital. **Underwriter**—Merrill, Turben & Co., Inc., Cleveland, Ohio.

★ Great American Realty Corp.
March 30 filed 900,000 shares of class A stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—15 William Street, New York. **Underwriter**—To be supplied by amendment.

Great Lakes Natural Gas Co., Inc.
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For drilling wells and working capital. **Office**—632 W. 9th St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York.

Greater All American Markets, Inc. (4/21-23)
March 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For advance rental payments, purchase of inventories and working capital. **Business**—Operates eight super markets. **Office**—7814 East Firestone Blvd., Downey, Calif. **Underwriter**—J. Barth & Co., San Francisco, Calif.

Gridoil Freehold Leases Ltd.
Feb. 5 filed 563,600 shares of common stock to be offered in exchange for $2,818,000 of 5½% convertible sinking fund redeemable notes, series A, due July 1, 1976, on the basis of 200 shares for each $1,000 note. **Office**—330 Ninth Avenue, West, Calgary, Canada.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office**—1825 Connecticut Avenue, Washington, D. C. **Investment Advisor**—Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C.

Heartland Development Corp.
Oct. 23 (letter of notification) 22,820 shares of non-voting convertible preference stock (par $12) to be offered for subscription by stockholders on the basis of one share of convertible preference stock for each 10 shares of common stock held on or about Nov. 1, 1958. Stockholders will have 45 days in which to exercise the rights. **Price** — At par. **Proceeds** — To repay debts, acquisition of investments, and for general purposes. **Address**—P. O. Box-348, Albany, N. Y. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office** — 35-10 Astoria Blvd., L. I. C. 3, N. Y. **Underwriter**—Albion Securities Co., Suite 1512, 11 Broadway, New York 4, N. Y.

★ Health Machines & Equipment Corp.
March 25 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase equipment and machinery; and for working capital, etc. **Office**—260 S. Federal Boulevard, Denver, Colo. **Underwriter**—None.

● Hermetic Seal Corp. (4/13-17)
March 9 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For payment of the balance of owed moneys to creditors; to equip a plant in the Midwest area; for a modern research development laboratory and working capital. **Office**—744 Broad St., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Highway Trailer Industries, Inc.
Nov. 24 filed 473,000 outstanding shares of common stock (par 25 cents). **Price**—At prices generally prevailing on the American Stock Exchange. **Proceeds** — To selling stockholders. **Office** — 250 Park Avenue, N. Y. **Underwriter**—None.

Hinsdale Raceway, Inc., Hinsdale, N. H.
Dec. 29 filed capital trust certificates evidencing 1,000,000 shares of capital stock, and 2,000 debenture notes. **Price**—The common stock at par ($1 per share) and the notes in units of $500 each. **Proceeds**—For construction of a track, including land, grandstand, mutual plant building, stables and paddock, dining hall, service building, administrative building, penthouse, tote board and clubhouse. **Underwriter**—None.

Hoffman Motors Corp.
March 9 filed 260,000 shares of common stock (par $1), of which 250,000 shares are to be publicly offered and 10,000 shares to officers and employees. **Price**—$10 per shares to public; $9 to employees. **Proceeds**—To selling stockholder. **Underwriter** — For public offering: Van Alstyne, Noel & Co., New York. **Offering**—Postponed indefinitely.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — 2202 Philtower Bldg., Tulsa, Okla. **Underwriter**—None.

★ Idaho Power Co. (5/13)
April 1 filed $15,000,000 of first mortgage bonds due 1989. **Proceeds**—To be used for partial payment of short-term bank loans made for construction of new operating facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co. and The First Boston Corp. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 13.

★ Idaho Power Co.
April 1 filed 150,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To be used for partial payment of short-term bank loans made for construction of new operating facilities. **Underwriters**—May be Blyth & Co., Inc., Lazard Freres & Co., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith, Inc., all of New York.

Imperial Growth Fund, Inc.
March 2 filed 600,000 shares of common stock. **Price**—At market. **Proceeds** — For investment. **Office** — 60 Marquette Ave., Minneapolis, Minn. **Underwriter** — Minneapolis Associates, Inc., Minneapolis, Minn.

★ Indiana Natural Gas Corp.
March 27 (letter of notification) 30,000 shares of common stock. **Price**—$6 per share. **Proceeds**—For construction and operation of natural gas distribution system. **Office**—715 Indiana Building, Indianapolis, Ind. **Underwriter**—None.

● Indiana Steel Products Co.
Feb. 26 filed 42,193 shares of common stock (par $1) being offered for subscription by common stockholders at the rate of one share for each seven shares held as of April 1, 1959; rights to expire on April 17, 1959. **Price**—$37 per share. **Proceeds**—For construction, machinery and equipment, and to provide additional funds

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for working capital and other corporate purposes. **Office**—405 Elm St., Valparaiso, Ind. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To develop and operate graphite and mica properties in Alabama. **Underwriters**—Dearborn & Co. and Carr-Rigdom & Co. both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

Inter-Mountain Telephone Co.
March 5 filed 399,000 shares of voting common stock being offered for subscription by common stockholders of record March 20, 1959, on the basis of two new shares for each five shares then held; rights to expire on April 10. **Price**—At par ($10 per share). **Proceeds**—For reduction of short-term notes to banks. **Underwriter**—Courts & Co., Atlanta, Ga. and New York, for 219,341 shares; balance to be offered to two principal stockholders—Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

★ **International Paper Co.**
April 6 filed 84,405 shares of common stock to be offered to employees pursuant to the company's Incentive Stock Option Plan for Key Employees.

★ **Interstate Power Co. (5/20)**
April 7 filed $6,600,000 of first mortgage bonds due 1989. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co. and Lehman Brothers (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 20.

★ **Interstate Power Co.**
April 7 filed 80,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

Investment Corp. of Florida
Oct. 9 (letter of notification) 55,555 shares of common stock (par two cents). **Price**—$4.50 per share. **Proceeds**—For capital account and paid-in surplus. **Office**—Atlantic Federal Building, 1750 E. Sunrise Boulevard, Ft Lauderdale, Fla. **Underwriter**—None.

★ **Investors Commercial Corp.**
April 6 filed 105,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 180 W. Randolph St., Chicago, Ill. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Investors Funding Corp. of New York
Feb. 17 filed $500,000 of 10% subordinated debentures due July 31, 1964, to be offered in units of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For investment. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None.

Itemco Inc.
Nov. 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire machinery and equipment and additional space for test laboratories; and for working capital. **Office**—4 Manhasset Ave., Port Washington, L. I., N. Y. **Underwriter** — B. Fennekohl & Co., 205 East 85th St., New York, N. Y.

Keystone Custodian Funds, Inc.
March 27 filed 90,600 shares of class A common stock, of which 37,600 shares are to be offered from time to time by the Fund, pursuant to the terms of its Employees Stock Option Plan, and the remaining 53,000 shares will be sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter**—Clark, Dodge & Co., New York.

Kratter Corp., New York
March 16 filed 2,719,950 shares of class A stock and 300,000 shares of class B stock, of which a maximum of 2,457,450 shares of class A stock are to be offered in exchange for units in certain limited partnerships. Company sold on March 14 a total of 250,000 class A shares at $10 per share, and on March 4 a total of 300,000 class B shares at $1 per share to certain persons; the remaining 12,500 class A shares are to be issued to Cinaba, Ltd. **Office**—521 Fifth Avenue, New York, N. Y. **Underwriter**—None.

★ **Laguna Niguel Corp. (4/23)**
April 1 filed 900,000 shares of class A stock (no par) and 900,000 shares of class B stock (no par) to be offered in units, each consisting of one class A and one class B share. **Price**—$20 per unit. **Proceeds**—To make payments in connection with acquisition of certain properties, to repay bank loans, for working capital and other corporate purposes. **Office**—621 South Spring St., Los Angeles, Calif. **Underwriter**—Paine, Webber, Jackson & Curtis, New York and Los Angeles.

Laure Exploration Co., Inc., Arnett, Okla.
Dec. 23 filed 400,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For machinery and equipment and exploration purposes. **Underwriter**—None.

Lefcourt Realty Corp.
Jan. 29 filed 3,492,000 shares of common stock, of which 2,622,000 shares were issued in exchange for all of the common stock of Desser & Garfield, Inc., and D. G. & R., Inc.; 750,000 shares will be used for the exercise of an option by the company to purchase from Big Mound Trail Corp. some 3,784.9 acres of land on or before May 1, 1959; and the remaining 120,000 shares are to be sold for the account of a selling stockholder. **Underwriter**—None.

★ **Linn County Oil Development Co.**
March 25 (letter of notification) 75,000 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—80 E. Maple Street, Lebanon, Ore. **Underwriter**—None.

Lithium Corp. of America
March 31 filed 50,484 shares of common stock, of which 18,984 shares were sold to the underwriters in February, 1959. **Price**—At prevailing market price on the American Stock Exchange at time of offering. **Proceeds** — For working capital. **Office** — Minneapolis, Minn. **Underwriters**—Bear, Stearns & Co. and John H. Kaplan & Co.

Little (J. J.) & Ives Co. (4/15-16)
March 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$3.50 per share. **Proceeds**—For additional working capital to be used principally in producing The American Oxford Encyclopedia. **Underwriter**—Shields & Co., New York.

Lockwood, Kessler & Bartlett Inc.
March 25 filed 150,000 shares of class A stock, of which 100,230 shares are to be offered for the account of the company and 49,770 for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Syosset, Long Island, N. Y. **Underwriter** — Francis I. du Pont & Co., New York. **Offering**—Expected at end of April.

Lorain Telephone Co.
Feb. 11 (letter of notification) 1,562 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for approximately each 75.1729 shares held at the close of business on March 17, 1959; rights to expire on May 15, 1959. **Price**—$32 per share. **Proceeds**—To reimburse the treasury. **Office**—203 W. Ninth St., Lorain, Ohio. **Underwriter**—None.

Louisiana Power & Light Co. (4/14)
March 3 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property improvements and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co. Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids** — Expected to be received up to 11:30 a.m. (EST) on April 14 in Room 2033, Two Rector St., New York, N. Y.

★ **Loral Electronics Corp. (4/20-24)**
April 1 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To increase inventories and for general corporate purposes. **Office**—825 Bronx River Ave., New York, N. Y. **Underwriters**—Kidder, Peabody & Co. and Model, Roland & Stone, both of New York.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa **Underwriter**—None.

★ **Magma Power Co. (5/4-8)**
April 3 filed 100,000 shares of 6% convertible preferred stock (par $10) and 500,000 shares of common stock (par 10 cents) to be offered in units consisting of one preferred share and five common shares. **Price**—$63 per unit. **Proceeds**—For drilling and exploration program; and for working capital, and general corporate purposes. **Office**—Virginia & Truckee Bldg., Carson City, Nev. **Underwriter**—J. Barth & Co., San Francisco, Calif.

★ **Maine Fidelity Life Insurance Co. (4/23)**
March 30 filed 100,000 shares of capital stock (par $1.50) to be offered for subscription by holders of outstanding stock at the rate of one new share for each two shares held on April 22, 1959 (after giving effect to the 2-for-1 stock split scheduled for April 22, 1959). **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—83 Exchange St., Portland, Maine. **Underwriter**—P. W. Brooks & Co., Inc., New York.

★ **Maine Public Service Co. (4/27-30)**
April 1 filed 50,000 shares of common stock (par $7). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans incurred for construction purposes. **Underwriters**—A. G. Becker & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and Kidder, Peabody & Co., all of New York.

● **Mary Carter Paint Co. (4/20)**
March 30 (letter of notification) 37,500 shares of common stock (par $1) of which 25,000 shares are being offered by the company, out of authorized but unissued stock, and 12,500 shares are being offered by John F. Crosby, Spring Lake, N. J. **Price**—$8 per share. **Proceeds**—For payment of outstanding loans and working capital, and to selling stockholder. **Office**—Gunn Highway at Henderson Rd., Tampa 7, Fla. **Underwriter**—W. W. Schroeder & Co., New York 5, N. Y.

● **Mergenthaler Linotype Co., Brooklyn, N. Y.**
March 17 filed 116,541 shares of capital stock, being offered for subscription by stockholders at the rate of one new share for each four shares held of record April 6, 1959; rights to expire on April 24 (with an oversubscription privilege). An additional 29,900 shares are being or will be offered pursuant to the company's Employees Stock Option Plan. **Price**—$45 per share. **Proceeds**—To be added to the general funds of the company and be used for corporate purposes. **Underwriter**—None.

Midwest Technical Development Corp.
March 17 filed 400,000 shares of common stock. **Price**—$3.75 per share. **Proceeds**—For general corporate purposes. **Office**—1404 Northwestern Bank Bldg., Minneapolis, Minn. **Underwriter**—None.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

Montana Power Co.
July 1 filed 100,000 shares of common stock (no par). The stock will be offered only to bona fide residents of Montana. **Price**—To be related to the current market price on the New York Stock Exchange. **Proceeds**—Together with other funds, to carry on the company's construction program through 1959. **Manager-Dealers** — Smith, Barney & Co., Kidder, Peabody & Co. and Blyth & Co., Inc. **Offering**—Indefinitely postponed

★ **Montgomery Ward & Co., Inc.**
March 31 filed 400,000 shares of common stock, which have been reserved for purposes of the company's Restricted Stock Option Plan.

Moog Servocontrols, Inc. (4/20-24)
March 30 filed 130,000 shares of common stock, of which 70,000 shares are being sold by certain selling stockholders and 60,000 shares by company (10,000 shares to employees and 50,000 shares to public). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—East Aurora (Buffalo), N. Y. **Underwriters**—Kidder, Peabody & Co., New York; and Blunt Ellis & Simmons, Chicago, Ill.

★ **National Gypsum Co.**
April 6 filed 1,014,300 shares of common stock, to be offered in exchange for all but not less than 98% of the outstanding common shares of Huron Portland Cement Co. in the ratio of 7/10 of a share of National stock for each share of Huron stock.

National Life & Casualty Insurance Co.
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds**—To increase capital and surplus. **Office** — 2300 North Central Ave., Phoenix, Ariz. **Underwriter**—None.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To pay loan; to acquire fishing tools for leasing; and for working capital. **Office**—931 San Jacinto Bldg., Houston, Tex. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Tex.

New York Shipbuilding Corp.
March 3 filed 621,353 shares of common stock. **Price**—To be supplied by amendment. To be offered from time to time either on the New York Stock Exchange at prices prevailing at time of sale or by public or private sales at related prices. **Proceeds** — To Merritt - Chapman & Scott Corp., the selling stockholder. **Underwriter**—None.

New York Shipbuilding Corp.
March 20 filed 83,334 shares of common stock, to be offered in exchange for common stock of Higgins, Inc., at the rate of one share of New York Shipbuilding common for each 24 shares of Higgins common.

Oak Ridge, Inc.
Sept. 4 (letter of notification) 100,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—11 Flamingo Plaza, Hialeah, Fla. **Underwriter** — Henry & Associates, Inc., 11 Flamingo Plaza, Hialeah, Fla.

★ **Office Buildings of America, Inc.**
April 6 filed 91,809 shares of class A and 10,201 shares of class B common stock to be offered in units of nine class A shares and one class B share. **Price** — $100 per unit. **Proceeds**—To be available for investment in real estate syndicates and other real estate. **Office**—9 Clinton St., Newark, N. J. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
Nov. 16 (letter of notification) 116,000 shares of common stock (par 35 cents). **Price**—$1 per share. **Proceeds**—For development of oil and gas properties. **Office**—513 International Trade Mart, New Orleans 12, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La

★ **Oil, Gas & Minerals, Inc.**
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** — Assets Investment Co., Inc., New Orleans, La.

O. K. Rubber Welders, Inc.
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965 $692,000 of 6% debentures maturing on or before Dec 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965. The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation, O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public

offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None.

Oppenheimer Fund, Inc.
Dec. 5 filed 100,000 shares of capital stock. **Price**—At market (about $10 per share). **Proceeds**—For investment. **Office**—25 Broad St., New York. **Underwriter**—Oppenheimer & Co., New York.

★ **Original New Life Sharpening Corp.**
April 1 (letter of notification) 30,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—To pay current liabilities; for construction of a new building and working capital. **Business**—Servicing scalpel blades for hospitals and doctors. **Office** — 200 North Broadway, South Amboy, N. J. **Underwriter**—None.

★ **Oxford Loan Co.**
March 23 (letter of notification) $250,000 of 7¼% renewable debentures payable upon demand April 1, 1964 and payable without demand April 1, 1969. **Price**—At principal amount. **Proceeds**—For working capital. **Office**—2233 N. Broad Street, Philadelphia, Pa. **Underwriter**—None.

Ozark Air Lines, Inc. (4/14)
March 24 (letter of notification) 59,825 shares of general common stock (par $1) to be offered for subscription by holders of class A and class B common stock and/or class B common stock evidenced by a voting trust certificate, one share of general common stock for each 20 shares of class A and class B common stock of record April 14, 1959. **Price**—$4.25 per share. **Proceeds**—To purchase additional flight and ground equipment and for working capital. **Address**—P. O. Box 6007, Lambert Field, St. Louis 21, Mo. **Underwriter**—None, but Newhard, Cook and Co. and Yates, Heitner & Woods, both of St. Louis, Mo., offered to purchase the unsubscribed shares.

★ **Paddock of California**
March 30 filed 51,847 outstanding shares of common stock (par $1) to be offered "only to stockholders and directors of The Refinite Corp. and will not be offered to the general public." **Price**—$3 per share. **Proceeds**—To selling stockholders, The Refinite Corp. **Office**—8400 Santa Monica Boulevard, Los Angeles, Calif. **Underwriter**—None.

Paramount Mutual Fund, Inc.
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills Calif. **Underwriter**—Paramount Mutual Fund Management Co.

★ **Pearson Corp.**
March 30 (letter of notification) 175,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To repay short-term loan and for working capital. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Peckman Plan Fund, Inc., Pasadena, Calif.
May 19 filed 20,000 shares of common stock (par $1) **Price**—At market. **Proceeds**—For investment. **Underwriter**—Investors Investments Corp., Pasadena, Calif.

● **Penn-Texas Corp., New York City (4/22)**
March 31 filed 1,500,000 shares of common stock to be offered for subscription by common stockholders at rate of one new share for each four shares held on or about April 21, 1959 (with a 14-day standby). **Price**—To be supplied by amendment. **Proceeds** — To purchase additional stock of Fairbanks, Morse & Co. and for repayment of loans. **Underwriter**—Bear, Stearns & Co., New York.

Pennsylvania Power Co.
Aug. 1 filed $8,000,000 of first mortgage bonds due 1989. **Proceeds**—To redeem a like amount of 5% first mortgage bonds due 1987. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White Weld & Co. Equitable Securities Corp., and Shields & Co. (jointly) Lehman Brothers, Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Dean Witter & Co. (jointly). **Bids** — Tentatively had been expected to be received up to 11 a.m. (EDT) on Aug. 27 but company on Aug. 22 decided to defer sale pending improvement in market conditions. SEC on Feb. 25, 1959 extended to June 16, 1959 period within which company may consummate financing.

Perfecting Service Co.
Feb. 26 (letter of notification) 28,250 shares of common stock to be offered for subscription by stockholders on a pro rata basis. Rights expire in 15 days. **Price**—At par ($10 per share). **Proceeds**—For accounts receivable and inventories. **Office**—332 Atando Ave., Charlotte, N. C. **Underwriter**—None.

★ **Permanent Filter Corp., Los Angeles, Calif.**
April 7 filed 140,000 shares of common stock, of which 120,000 shares are to be offered for account of the company and 20,000 shares for account of selling stockholder. **Price**—To be supplied by amendment. **Proceeds** — For land and buildings and working capital. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Peruvian Oils & Minerals, Ltd.
March 12 filed 400,000 shares of capital stock. **Price**—At the prevailing market. **Proceeds**—To selling stockholders. **Office** — 85 Richmond Street West, Toronto, Ont., Canada. **Underwriter**—None.

. **Philco Corp. (4/16)**
March 26 filed $20,000,000 of convertible subordinated debentures, due April 15, 1984. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and general corporate purposes. **Underwriter**—Smith, Barney & Co., New York.

★ **Precon Electronics Corp. (4/27-30)**
April 6 filed 175,000 shares of common stock (par 75 cents). **Price** — $5 per share. **Proceeds** — For working capital; to reimburse the predecessor for certain development expenses; for inventories and work in process; and other general corporate purposes. **Office**—120 E. 41st St., New York, N. Y. **Underwriters**—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York, N. Y.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

Prudential Enterprises, Inc.
Jan. 15 (letter of notification) 200,000 shares of common stock (par one cent) of which 170,000 shares are to be sold by the company and 30,000 shares by a selling stockholder. **Price** — $1.50 per share. **Proceeds** — For general expansion and working capital. **Office**—1108 16th Street, N.W., Washington 6, D. C. **Underwriter**—John C. Kahn Co., Washington, D. C.

Public Service Co. of Colorado (4/28)
March 26 filed $20,000,000 of first mortgage bonds due 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Harriman Ripley & Co. Inc., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Dean Witter & Co. (jointly); Lehman Brothers, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on April 28.

● **Purepac Corp., New York**
March 31 filed 260,000 shares of common stock (par five cents). **Price**—$3 per share. **Proceeds**—To repay loans and for general corporate purposes. **Business**—Manufacturers and packager of proprietary drug items. **Underwriter** — Richard Bruce & Co. Inc., 26 Broadway, New York 4, N. Y.

Raindor Gold Mines, Ltd.
Jan. 28 (letter of notification) 290,000 shares of common stock (par $1). **Price**—$1 per share. **Proceeds**—To prove up ore and for road and camp construction. **Office**—At Suite 322, 200 Bay St., Toronto, Ont., Canada, and c/o T. Arnold, Wilson Circle, Rumson, N. J. **Underwriter**—Sano & Co., New York, N. Y.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. **Price**—At par. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Rassco Israel Corp., New York, on a "best efforts" basis.

Reiter-Foster Oil Corp.
March 20 filed $1,500,000 of 6% convertible debentures due 1969, to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 300 common shares held. **Price**—To be supplied by amendment. **Proceeds**—To pay debt and for development of present properties and acquisition and development of additional oil and gas properties. **Underwriter**—Emanuel Deetjen & Co., New York.

★ **Reon Resistor Corp.**
April 2 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—To purchase new equipment; for payment of chattel mortgage and loans and for general working capital. **Office**—117 Stanley Ave., Yonkers, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y.

Republic Foil Inc. (4/20)
March 26 filed 70,196 shares of common stock, to be offered for subscription by holders of outstanding shares upon the basis of one new share for each three shares held on or about April 20, 1959; rights to expire on or about May 4. **Price**—To be supplied by amendment. **Proceeds**—For property and equipment, to retire bank loans, and for working capital. **Office**—55 Triangle St., Danbury, Conn. **Underwriter**—Laird & Co., Corp., Wilmington, Del.

Research Investing Fund of America, Inc.
Feb. 24 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment **Office**—Englewood, N. J. **Underwriter**—First Mutual Securities of America, Inc.

Richwell Petroleum Ltd., Alberta, Canada
June 26 filed 1,998,716 shares of common stock (par $1) Of this stock, 1,174,716 shares are to be sold on behalf of the company and 824,000 shares for the account of certain selling stockholders. The company proposes to offer the 1,174,716 shares for subscription by its shareholders at the rate of one new share for each three shares held (with an oversubscription privilege). The subscription period will be for 30 days following issuance of subscription rights. **Price**—To be supplied by amendment. **Proceeds**—To pay off demand note, to pay other indebtedness, and the balance if any will be added to working capital. **Underwriter** — Pacific Securities Ltd., Vancouver, Canada.

Roanoke Gas Co.
March 19 (letter of notification) 17,732 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one share for each seven shares held (with an oversubscription privilege); rights to expire on May 15, 1959. **Price**—$16.75 per share. **Proceeds**—To repay short-term bank loan and for installation and construction of additional mains for the purpose of extending distribution facilities. **Office**—123 Church Avenue, Roanoke, Va. **Underwriter**—None.

Routh Robbins Investment Corp.
Jan. 29 filed 475,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For investments and working capital. **Business** — Real estate investments. **Office** — Alexandria, Va. **Underwriter**—None.

St. Regis Paper Co.
March 27 filed 58,000 shares of common stock (par $5) to be offered in exchange for outstanding common stock of Cupples-Hesse Corp. on the basis of .644 of a share of St. Regis common for each share of Cupples common. St. Regis will declare the exchange offer effective if 100% of the outstanding shares of Cupples stock is deposited in exchange, and may elect to do so if a lesser percent, but not less than 80%, is deposited.

Santa's Village, Skyforest, Calif.
March 27 filed $800,000 of 6% convertible subordinated sinking fund debentures due 1974. **Price**—At 100% of principal amount. **Proceeds** — For completion of East Dundee Village (a new amusement park near Chicago); and for working capital and other corporate purposes. **Underwriter**—None.

Schjeldahl (G. T.) Co.
March 23 filed 42,500 shares of common stock, which are to be offered and sold first to present stockholders at the rate of one new share for each eight shares held on April 1, 1959. **Price**—$10 per share. **Proceeds**—For increased plant facilities, for purchase of equipment, working capital and other corporate purposes. **Office**—202 South Division St., Northfield, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Scranton Spring Brook Water Service Co.
April 1, 1984 with common stock warrants to purchase 80,000 shares of common stocks being offered in units of 80,000 shares of common stock) being offered in units of $200 of debentures and warrants for the purchase of two shares of stock for subscription by common stockholders at the rate of one unit for each 25 shares of stock held on March 30, 1959; rights to expire April 15. **Price**—$200 per unit. **Proceeds**—To repay bank loans. **Underwriter**—Allen & Co., New York.

Seaboard Plywood & Lumber Corp. (5/15)
March 27 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For expansion of present product lines and acquisition of new related lines. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

Service Life Insurance Co.
Sept. 26 (letter of notification) 3,567 shares of common stock (par $1). Price—$18.75 per share. Proceeds—To go to a selling stockholder. Office—400 W. Vickery Blvd., Fort Worth, Tex. Underwriter—Kay & Co., Inc., Houston, Tex.

★ **Servonics, Inc.**
March 25 (letter of notification) 133,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office**—822 N. Henry St., Alexandria, Va. **Underwriter**—Kidder, Peabody & Co., New York, N. Y.

Shares in American Industry, Inc.
Dec. 12 filed 50,000 shares of common stock. Price—At market. Proceeds—For investment. Office — 1033-30th St., N. W., Washington 7, D. C. Investment Advisor—Investment Fund Management Corp. Former Name—Shares in America, Inc.

Sheridan-Belmont Hotel Co.
Aug. 19 (letter of notification) $250,000 of 6% convertible debentures due Sept. 15, 1963 to be offered for subscription by common stockholders on a pro rata basis. Price—At par. Proceeds—For working capital. Office — 3172 North Sheridan Rd., Chicago 14, Ill. Underwriter—None.

★ **Silver Creek Precision Corp.**
March 30 filed 1,550,000 shares of common stock (par 10 cents), of which 200,000 shares are to be offered for the account of the company, and 1,350,000 shares for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Central Ave. and Mechanic St., Silver Creek, N. Y. **Underwriter**—Maltz, Greenwald & Co., New York.

SIMCA Societe Anonyme, of France (4/13)
March 24 filed 1,000,000 shares of capital stock, par value 5,000 French francs (U. S. $10.12) per share, and equivalent 2,000,000 American shares representing such 1,000,000 capital shares (two American shares represent one capital share). The company proposes to offer holders of its American shares on April 13, 1959, and holders of its capital shares in the United States, its territories and possessions, the right to subcribe for one additional American Share for each American Share held, or one additional Capital Share for each Capital Share held (with an additional subscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Underwriter**—None.

Sip'n Snack Shoppes, Inc., Philadelphia, Pa.
March 31 filed 200,000 shares of common stock. **Price**—$2 per share. **Proceeds**—To pay loans and for new equipment. **Underwriter**—Sano & Co., New York.

★ **Southern Italy Development Fund (4/22)**
April 3 filed $30,000,000 of guaranteed external loan bonds (guaranteed as to payment of principal and interest by the Republic of Italy). This will include $5,000,000 of four-year bonds due May 1, 1963; $5,000,000 of five-year bonds due May 1, 1964; and $20,000,000 of 15-year sinking fund bonds due May 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—For public works and improvement projects. **Underwriter**—Morgan Stanley & Co., New York.

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★ Southern Nevada Power Co. (5/11)
April 6 filed $5,500,000 of first mortgage bonds, series D, due 1989. **Proceeds**—Together with other funds, will be used to repay temporary bank loans, and to refund the slightly less than $4,000,000 of series "C" 5½% mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Hornblower & Weeks and William R. Staats & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received up to 9 a.m. (PST) on or about May 11 in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

★ Southern Nevada Power Co. (4/28)
April 6 filed 75,000 shares of cumulative preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used to repay temporary bank loans. **Underwriter**—White, Weld & Co., New York.

Southern Union Gas Co. (4/10)
March 19 filed 442,731 shares of cumulative convertible second preferred stock to be offered for subscription by common stockholders of record April 10, 1959, on the basis of one share of preferred for each five common shares held; rights to expire on May 1. **Price**—At par ($25 per share). **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Snow, Sweeney & Co., Inc., and A. C. Allyn & Co., Inc., both of New York.

★ Spear & Co.
March 30 filed 180,000 outstanding shares of common stock (par 10 cents) to be offered from time to time on the American Stock Exchange. **Price**—Related to the then current market price on said Exchange. **Proceeds**—To selling stockholders. **Office**—22 West 34th Street, New York, N. Y. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Rd., Great Neck, N. Y. **Underwriter**—None.

★ Standard Packaging Corp.
April 1 filed 43,067 outstanding shares of common stock and 28,834 outstanding shares of $1.20 convertible preferred stock (par $20) to be offered from time to time on the New York Stock Exchange or off the Exchange. **Price**—Related to the then current market price on said Exchange. **Proceeds**—To Estate of D. Samuel Gottesman, deceased. **Underwriter**—None.

★ Sterling Television Co., Inc.
March 31 (letter of notification) 200,000 shares of Class A stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, and to acquire television film series for distribution. **Office**—6 East 39th St., New York 16, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York 5, N. Y.

Strategic Minerals Corp. of America, Dallas, Tex.
March 31 filed $2,000,000 of first lien mortgage 6% bonds and 975,000 shares of common stock (par 10 cents). **Price**—For bonds, 95% of principal amount; and for stock $3 per share. **Proceeds**—To erect and operate one or more chemical processing plants using the Bruce - Williams Process to beneficiate manganese ores. **Underwriter**—Southwest Shares, Inc., Austin, Texas.

Super-Sol Ltd.
March 25 filed 250,000 shares of common stock. **Price**—At par (19,800 Israeli pounds—equivalent to $11 per share in U. S. funds), payable up to 90% in State of Israel Independence Issue and Development Issue Bonds, and the balance in cash. **Proceeds**—For expansion program. **Office** — 79 Ben Yehuda St., Tel Aviv, Israel. **Underwriter**—American Israel Basic Economy Co., New York, N. Y.

Texas Instruments, Inc., Dallas, Texas
Feb. 11 filed 691,851 shares of common stock (par $1) and 737,974 shares of 4% cumulative preferred stock, series 1959 ($25 par—convertible on or prior to May 1, 1969), to be offered in exchange for common stock of Metals & Controls Corp. on the basis of three-quarters of a share of Texas common stock for each Metals & Controls common share, or, if the holder elects, for eight-tenths of a preferred share and four-tenths of a common share. **Underwriter**—None. Statement effective March 4.

Texfel Petroleum Corp.
March 19 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of the company's 5% notes held by an American bank, and the balance will be added to its general funds and will be used in connection with its various operations, and for general corporate purposes, including payment of purchase obligations on certain properties, and for the purchase of warehouse inventories. **Office**—Republic National Bank Bldg., Dallas, Texas. **Underwriters**—Bache & Co. and Allen & Co., both of New York. **Offering**—Date indefinite.

Thermo Plastics Corp.
March 26 filed 468,500 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchase of necessary capital equipment and to increase working capital. **Office**—1626 Hertford Rd., Charlotte, N. C. **Underwriter**—Interstate Securities Corp., Charlotte, N. C.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5) **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

United Improvement & Investment Corp.
March 25 filed 1,238,994 shares of common stock (par $2.60), of which 809,195 shares are to be offered in exchange for outstanding stock of Lawyers Mortgage & Title Co. on the basis of one share of United for each four shares of Lawyers before its recent one-for-ten reserve split, or 2½ shares of United for each share of Lawyers after such split. Lawyers' stockholders may round out their allocation to the next full share by purchasing not more than ¾ of a share at $1.25 for each ¼ share needed. In addition, a stockholder who accepts United's offer will have privileges to subscribe to 242,299 additional shares at $5 per share, on a one-for-four basis. The company also proposes to offer 187,500 shares in exchange for all the outstanding common stocks of Margate Homes, Inc., Broward Engineering Co., and Margate Construction Co., certain outstanding debt obligations of Margate Homes, Inc., and $62,500 in cash. **Proceeds**—For working capital and general corporate purposes. **Office**—25 West 43rd St., New York, N. Y. **Underwriter**—Allen & Co., New York, for 242,299 shares of common stock.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment Graham Albert Griswold of Portland, Ore., is President.

Utah Minerals Co.
April 11 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—305 Main St., Park City Utah. **Underwriter**—Walter Sondrup & Co., Salt Lake City, Utah.

Utah Oil Co. of New York, Inc.
May 6 (letter of notification) 300,000 shares of capital stock. **Price** — At par ($1 per share). **Proceeds** — For development of oil and gas lands. **Office**—574 Jefferson Ave., Rochester 11, N. Y. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

Victoreen Instrument Co.
March 4 filed 248,394 shares of capital stock (par $1) to be offered for subscription by holders of common stock and debentures, at the rate of new share for each four common shares held and eight shares for each $100 of debentures held (with an oversubscription privilege). The record date will be the fourth business day following the effective date of the registration statement and the subscription period will be approximately 20 days. **Price**—To be supplied by amendment. Proceeds—For working capital. **Underwriter**—None.

★ Washington Gas Light Co. (4/27)
April 7 filed 100,386 shares of convertible preferred stock to be offered for subscription by common stockholders of record April 27, 1959 at the rate of one new share for each 14 common shares held; rights to expire on May 12, 1959. **Price** — To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

★ Washington National Insurance Co.
April 2 filed a maximum of $1,100,000 of participations or memberships in The Savings and Profit Sharing Pension Fund of the company's employees, to be offered to not more than 500 eligible employees.

• Western Massachusetts Companies
March 13 filed 177,626 shares of common stock (par 50 cents), of which 161,626 shares are being offered for subscription by common stockholders of record April 3, 1959, on the basis of one new share for each 15 shares then held; rights to expire on April 21. Employees are being offered the privilege of subscribing for 16,000 shares up to 3:30 p.m. (EST) on April 16. **Price**—$25 per share. **Proceeds** — To be loaned to a subsidiary, Western Massachusetts Electric Co., which will be used to reduce its short-term bank borrowings, and for its construction program. **Underwriters**—The First Boston Corp. and White, Weld & Co., both of New York.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

★ Westinghouse Electric Corp.
April 3 filed 400,000 shares of common stock, to be offered under the company's "Employee Stock Plan" to employees of Westinghouse and eight of its subsidiaries. In a separate statement the company filed 1,000,000 shares of common stock, to be offered under its "Restricted Stock Option Plans" to certain officers and other executive employees of Westinghouse and its subsidiaries.

★ Wheeling Steel Corp.
March 30 filed $3,000,000 of participations in the company's Thrift Plan, together with 50,000 shares of common stock which may be acquired pursuant thereto.

Wilmington Country Club, Wilmington, Del.
Oct. 27 filed $500,000 of debentures due 1991 (non interest bearing) and 800 shares of common stock (par $25) to be offered to members of this club and of Concord Ltd. **Price**—$375 per common share and $1,000 per debenture. **Proceeds** — To develop property and build certain facilities. **Underwriter**—None.

Wisconsin Power & Light Co. (4/15)
March 9 filed $14,000,000 of first mortgage bonds, series J, due March 1, 1989. **Proceeds**—To pay part of the cost of property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co., Kidder, Peabody & Co. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Blyth & Co., Inc. and Lehman Brothers (jointly). **Bids**—Expected to be received up to 10:30 a.m. (CST) on April 15.

Wometco Enterprises, Inc. (4/20-24)
March 27 filed 325,000 shares of class A common stock, of which 290,000 shares are to be offered to public and 35,000 shares to officers and employees of the company. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Operates motion picture theatres, and television and radio stations. **Office**—306 North Miami Ave., Miami, Fla. **Underwriter**—Lee Higginson Corp., New York.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

Bank of Commerce, Washington, D. C. (5/29)
Feb. 26 stockholders of the Bank approved the sale of 2,000 shares of capital stock (par $100) to holders of record May 29, 1959, on the basis of one new share for each three shares held; rights to expire on June 30. **Price**—$150 per share. **Proceeds**—To increase capital and surplus.

Central Illinois Light Co. (5/12)
March 31 the company filed an application with the Illinois Commerce Commission for authority to issue $10,038,700 convertible debentures due 1974, to be offered to common stockholders of record on or about May 12 on the basis of $100 principal amount of debentures for each 22 of common held. **Proceeds** — For construction program. **Underwriter**—Union Securities Co. (now Eastman Dillon, Union Securities & Co.) handled previous equity financing. **Registration**—Expected the latter part of April.

Consolidated Edison Co. of N. Y. Inc. (5/26)
March 9 it was reported that the company plans to issue and sell $50,000,000 to $60,000,000 of first refunding mortgage bonds. **Proceeds**—For additions, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 26.

Consolidated Natural Gas Co. (5/21)
March 18 the directors approved a plan to offer stockholders on or about May 21 the right to subscribe for 821,256 additional shares of capital stock on the basis of one new share for each 10 shares held; rights to expire on or about June 10. **Price**—To be below the market price prevailing at the time of the offering. **Proceeds** — For construction program. **Underwriter**—None.

Consolidated Natural Gas Co.
March 18, James Comerford, President, announced that, in addition to the proposed stock offering to stockholders, the company plans this year to issue and sell publicly $20,000,000 of debentures. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.

Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

Di-Noc Chemical Arts, Inc. (4/28)
March 31 it was reported that the company plans issue and sale of $947,200 5½% convertible subordinated debentures due 1971, to be offered for subscription by common stockholders of record about April 28, 1959, on the basis of $20 principal amount of debentures for each six shares of stock held; rights to expire on May 13. **Underwriter**—Blair & Co., Inc., New York. **Registration**—Expected on April 3.

Duke Power Co.
March 9 it was reported that the company plans to issue and sell $25,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Offering** — Expected about mid-year.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company is planning the sale of $3,500,000 of first mortgage bonds due 1989. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co.; White, Weld & Co. and Shields & Co. (jointly) Equitable Securities Corp. and R. W. Pressprich & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on May 19.

El Paso Electric Co. (5/19)
Feb. 9 it was reported that the company plans the sale of 20,000 shares of preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith. **Bids** — Expected to be received up to 11 a.m. (EDT) on May 19.

El Paso Electric Co. (5/12)
Feb. 9 it was reported that the company is also planning an offering of 76,494 shares of common stock to common stockholders on the basis of about one new share for each 25 shares held as of May 11, 1959 (with an oversubscription privilege); rights to expire on May 26. **Proceeds**—For construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

El Paso Natural Gas Co.
March 4 it was announced stockholders will on April 28 vote on increasing the authorized preferred stock to 1,000,000 shares from 472,229 shares, and the common stock to 25,300,000 shares from 20,300,000 shares. **Proceeds** — For major expansion program. **Underwriter** — White, Weld & Co., New York.

★ **Electronic Mechanical Specialty Co. (Calif.)**
March 31 it was reported that the company is planning an offering of about 100,000 shares of common stock. **Underwriter** — Myron A. Lomasney & Co., New York. **Registration** — Via Regulation "A," around April 15. **Offering**—Expected early part of May.

First National Trust & Savings Bank of San Diego, Calif. (4/21)
March 27 it was announced that Bank plans to offer to its stockholders of record April 21, 1959 the right to subscribe on or before May 11, 1959 for 105,000 additional shares of capital stock on the basis of one new share for each nine shares held (following proposed two-for-one stock split). **Underwriters**—Dean Witter & Co.; Blyth & Co., Inc.; William R. Staats & Co.; Eastman Dillon, Union Securities & Co.; and Dewar & Co.

Florida Power Corp.
Feb. 4, W. J. Clapp, President, announced that the corporation is planning to sell additional shares of common stock on the basis of one new share for each 12 shares held. **Proceeds**—For construction expenditures. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. **Offering**—Expected in June.

Georgia Power Co. (9/10)
Dec. 10 it was announced that the company plans to issue and sell $18,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and Shields & Co. (jointly); Lehman Brothers; The First Boston Corp.; Morgan Stanley & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman Ripley & Co. Inc. **Registration**—Planned for Aug. 14. **Bids**—Expected to be received on Sept. 10.

Jersey Central Power & Light Co.
Feb. 10 it was announced that the company is contemplating the sale of $8,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers and Blair & Co., Inc., (jointly). **Offering**—Expected during August.

Kansas City Power & Light Co.
Dec. 29 it was reported that the company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman, Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Offering**—Expected in May or June.

Mississippi Power Co. (6/25)
Dec. 10 it was announced that this company plans to issue and sell $5,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for May 29. **Bids**—Expected to be received on June 25.

North American Equitable Life Assurance Co.
Dec. 1 it was announced that the company plans an offering of 950,000 shares of capital stock. **Price** — $10 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—John M. Tait & Associates, Cincinnati, Ohio.

Northern Illinois Gas Co. (6/23)
March 25, Marvin Chandler, President, announced company plans issue and sale of $20,000,000 25-year first mortgage bonds. **Proceeds** — For capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Glore, Forgan & Co.; Blyth & Co. Inc. **Bids**—Tentatively planned to be received on June 23. **Registration**—Expected at end of May.

Northern States Power Co. (Minn.)
March 31 it was reported that the company has revised its financing plans, and is considering the offering and sale of $10,000,000 of new preferred stock. **Proceeds**—To be used to repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding: Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers and Riter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Harriman Ripley & Co. Inc., and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co.; Smith, Barney & Co.

Northern States Power Co. (Minn.)
March 31 it was reported that the company also is considering offering about 714,000 additional shares of common stock for subscription by common stockholders on the basis of one new share for each 20 shares held. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers and Riter & Co. (jointly); The First Boston Corp., Blyth & Co., Inc. and Kuhn, Loeb & Co. (jointly); White, Weld & Co. and Glore, Forgan & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Offering**—Expected sometime during August.

Pennsylvania Electric Co.
Feb. 10 it was announced that the company is planning the sale of $15,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co., Merrill Lnych, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly). **Offering**—Expected about mid-year.

Public Service Electric & Gas Co. (6/2)
Jan. 30 it was reported that the company plans sale of $30,000,000 to $40,000,000 debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn Loeb & Co. and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively expected to be received on June 2.

San Diego Imperial Corp.
March 16 it was reported that the company plans to offer an additional 1,278,720 shares of common stock. **Proceeds**—For further acquisitions. **Underwriter**—J. A. Hogle & Co., Salt Lake City and New York.

Southern Electric Generating Co. (5/28)
Dec. 10 it was announced that the company plans to issue and sell $25,000,000 of 30-year first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Registration**—Planned for April 17. **Bids**—Expected to be received on May 28.

Southwestern Electric Power Co. (5/12)
Jan. 26 it was reported that this company (formerly Southwestern Gas & Electric Co.) plans the issuance and sale of about $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Blyth & Co. Inc. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 12.

Spector Freight System, Inc.
Feb. 16 this company sought ICC approval for issuance of 200,000 shares of class A common stock (par $1), of which 60,000 shares will be sold for the account of selling stockholders **Proceeds** — To pay outstanding loans and for additional working capital. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill.

Teleflex Ltd., Toronto, Canada
March 24, R. C. Dobson, President, announced that the company plans to raise approximately $1,000,000 in the near future, partially through debt financing and partially through the sale of additional common stock. **Underwriter** — To be named later. **Registration** — Expected about May 1.

Union Bank, Los Angeles, Calif.
March 19 this bank offered 70,028 additional shares of capital stock (par $10) to its stockholders of record March 18, 1959, on the basis of one new share for each 12 shares then held; rights to expire on April 8. **Price**—$59.50 per share. **Proceeds**—to increase capital and surplus. **Underwriters**—Blyth & Co., Inc., and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

Union Electric Co. (Mo.)
Feb. 23, J. W. McAfee, President, stated that the company plans to sell about $30,000,000 of additional common stock later this year through rights to common stockholders. **Proceeds**—For expansion program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Lehman Brothers; White, Weld & Co., and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc. **Offering**—Expected toward the end of the second or third quarter of 1959.

United States National Bank, Portland, Ore.
Feb. 27 it was reported that this bank plans to issue an additional 23,000 shares of common stock on the basis of one new share for each 49 shares held as of March 26, 1959; rights to expire on April 15, 1959. **Price**—$50 per share. **Proceeds**—To increase capital and surplus.

Virginia Electric & Power Co. (6/2)
Feb. 21 it was announced that the company plans to offer an additional 710,000 shares of common stock to be offered for subscription by stockholders of record on or about June 2, 1959, on the basis of one new share for each 20 shares then held. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp. **Bids**—Expected to be received on June 2.

West Penn Power Co. (5/25)
March 10 it was reported the company contemplates the issue and sale of about $14,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on May 25 at office of West Penn Electric Co., 50 Broad St., New York, N. Y.

Three With Teller

PHILADELPHIA, Pa. — Albert Teller & Co., 123 South Broad Street, members of the Philadelphia-Baltimore Stock Exchange, announce that Martin Rosenthal, Arthur Stotter and Dominic P. Toscani have become associated with them as registered representatives.

Now With Saunders Stiver

(Special to The Financial Chronicle)

CLEVELAND, Ohio — John F. Terry is now with Saunders, Stiver & Co., Terminal Tower, members of the Midwest Stock Exchange.

D. C. Kamins Joins L. F. Rothschild & Co.

David C. Kamins, for the past 25 years President of Eastwood Lodge, of Oakland, Maine, and formerly director of sales for Kellner Plan Builders, Brooklyn, N. Y., is now associated with L. F. Rothschild & Co., 120 Broadway, New York, members of the New York Stock Exchange.

Minor L. Wheaton

Minor L. Wheaton, Vice-President of The Chase Manhattan Bank, passed away March 10 of acute leukemia after an extended illness. His age was 55.

Richard Erley Now With Shearson, Hammill

(Special to The Financial Chronicle)

CHICAGO, Ill. — Richard A. Erley has become associated with Shearson, Hammill & Co., 208 South La Salle Street. Mr. Erley was formerly Chicago manager for White-Phillips Company, Inc.

Joins A. G. Becker

(Special to The Financial Chronicle)

CHICAGO, Ill.—Walter H. Hallsteen, Jr. has joined the staff of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Pacific Coast Stock Exchanges.

Forms S. Jay & Co.

PHOENIX, Ariz.—S. Jay & Co., Inc. has been formed with offices at 3422 West Turney Avenue to act as dealers in over-the-counter securities. Officers are Samuel Jampolis, President and Treasurer, and B. Jampolis, Vice-President and Secretary. Mr. Jampolis in the past was with Englander & Co.

Reginald H. Marlow

Reginald Hill Marlow passed away March 6 at the age of 68. He was formerly an executive of the National City Bank of New York and was at one time assistant to the President of the Colonial Trust Co. of New York.

Rejoins Courts & Co.

(Special to The Financial Chronicle)

SOUTHERN PINES, N. C. — John A. McPhaul has rejoined Courts & Co. He has recently been associated with the local office of Eastman Dillon, Union Securities & Co.

Forms Byron Hunter Co.

(Special to The Financial Chronicle)

EVANSTON, Ill. — Bryon W. Hunter in partnership with L. R. Hunter has formed Byron W. Hunter & Co. with offices at 2212 Sherman Avenue to engage in a securities business.

Scott Planning in Newark

NEWARK, N. J.—Scott Planning Company is now conducting its investment business from offices at 11 Commerce Street. The firm was formerly located in Brooklyn, N. Y.

Mutual Funds

By ROBERT R. RICH

I.D.S. Net Inc. and Managed Assets Set New Records in '58

Net income from operations, and total net assets under management of Investors Diversified Services, Inc. rose to record levels in 1958, Joseph M. Fitzsimmons, President, stated in the 65th annual report.

Combined net operating income of Investors Diversified Services and its wholly owned subsidiaries for the year increased approximately 16% to $12,792,060, equivalent to $8.80 per share, compared with $11,035,477 or $7.59 per share for 1957. After adjustments for capital gains and losses, net income for 1958 was equal to $8.81 per share compared with $7.64 per share for the prior year.

The regular quarterly dividend rate on the common and class A common stock was raised from 75 cents per share to $1 per share with the declaration for the third quarter of 1958. Dividend payments for the year on both classes of stock amounted to $3.50 per share on 1,453,721 shares held by 4,811 shareholders.

Total net assets of the companies in the Investors Group increased by $676,721,583 during the year and on Dec. 31, 1958 amounted to $2,749,076,044 compared with $2,072,354,461 at the close of 1957.

Investors Mutual, with assets of $1,336,967,290 at the 1958 year end, was the nation's largest balanced fund, and Investors Group Canadian Fund Ltd., with assets of $173,821,762 (U. S. dollars), was the largest Canadian fund whose shares are distributed in the United States.

New certificates issued during the year by Investors Syndicate of America, Inc., and Investors Syndicate Title & Guaranty Co., New York, wholly owned subsidiaries, totaled $311,003,160 in maturity values compared with $326,211,441 the preceding year. At the 1958 year end, the aggregate maturity value of certificates in force for the certificate companies in the Investors Group (including unmatured certificates of the parent company, which discontinued issuing its own certificates in 1940) amounted to $2,248,601,484 compared with $2,158,714,092 at the previous year's close. Total certificate accounts numbered 419,220.

Sales of shares issued by five mutual fund affiliates—Investors Mutual, Inc., Investors Stock Fund, Inc., Investors Selective Fund, Inc., Investors Variable Payment Fund, Inc., and Investors Group Canadian Fund Ltd.—amounted to $281,998,319, including reinvested dividends and capital gains distributions. The comparable figure for 1957 was $281,491,998. Shareholders in the five funds numbered 512,306.

Capital stock and surplus of Investors Diversified Services, including its equity in the undistributed net income of subsidiaries, increased to $65,286,298 from $57,068,720 at the preceding year end. Capital funds were equivalent to 11.4% of combined certificate reserves (less certificate loans) of all certificate companies, compared with 10.4% in 1957.

Investors Syndicate Life Insurance and Annuity Co., a wholly owned subsidiary formed late in 1957, had received licenses in 19 states and one territory at the end of 1958 and is proceeding towards its objective of nationwide distribution.

"The nation's rising trend in living and educational standards, and the extension of retirement years, have added to the requirements for personal resources and family protection. At the same time the increasing complexities of investment affairs have led to growing reliance upon professional management through the medium of mutual funds. Having before us these enlarging opportunities in the markets which we serve, we look forward to continued expansion of our business in the year ahead and in the future," IDS President Fitzsimmons said.

Canada's Scudder Net Asset Value Up

Scudder Fund of Canada Ltd. on Feb. 28, 1959, had a net asset value of $64,523,043 (in United States dollars), equal to $12.89 per share, according to the company's report for the quarter ended on that date. This net asset value compared with $59,687,000, or $12.30 a share on Nov. 30, 1958 and $9.35 (adjusted for the stock split) on Feb. 28, 1958.

The net assets of $62,809,604 (Canadian) on Feb. 28, 1959 comprised common stocks appraised at $60,602,930, or 96.5% of net assets; Government of Canada securities, $1,674,250, or 2.7%; corporate bonds and notes, $64,000, or 0.6%; and adjusted cash balance, $128,424, or 0.2%.

New additions to the portfolio were: Ecuadorian Corporation, Delta Acceptance 5⅞% conv. pfd., Crown Life, and Unilever.

Increases in holdings were made as follows: Imperial Oil, Siemens & Halske, British American Oil, Industrial Acceptance Corp., Shell Trinidad, Calgary & Edmonton, KLM Royal Dutch, Algoma Steel, Hudson's Bay Oil & Gas; Trans Canada Pipe Lines, Canadian Bank of Commerce, Dominion Foundries & Steel, and Southam Company.

Reductions in holdings were effected by sales of: Aluminium, Royal Dutch Petroleum, and Bank of Montreal.

Completely deleted from the portfolio were: Canada Treasury Bills 2/20/59, Pacific Petroleums 5% conv. 1/1/77, Brunswick Mining & Smelting, Trinidad Petroleum Development, Pacific Petroleums, Gypsum, Lime and Alabastine, and Kerr-Addison.

Lazard Fund Sells A T & T Holdings

The net asset value per share of The Lazard Fund, Inc., rose to $16.35 as of the quarter ending March 31, 1959, as compared to $15.91 at close of the year ending 1958. Net assets on the 8,500,000 shares outstanding increased to $138,973,667 compared to the initial paid-in capital of $117,937,500. Unrealized portfolio appreciation amounted to $19,060,745, and net realized gain on the sale of investments an additional $1,804,807.

The Fund was 87% invested in equities, at the end of the quarter, with the remainder in cash or liquid short-term obligations.

In a report to stockholders, Albert J. Hettinger, Jr., Chairman and Richard H. Mansfield, President, noted several important portfolio changes. The holding of American Telephone & Telegraph Company has been disposed of since "market appreciation, not unrelated to the three-for-one stock split and an increase in dividend had materially lessened its appreciation potential." It was also noted that the position in essentially domestic oil companies was reduced while holdings of Royal Dutch Petroleum, Gulf Oil and Texas Company, whose operations are international in scope, were increased. The officers stated that they believed that shift was justified on the basis of relative values, although admittedly at variance with the current market sentiment. It further pointed out that MacMillan & Bloedel, a Canadian company with large timber reserves in the Pacific Northwest, was substituted for a domestic company of high quality but which appeared to have less growth potential.

The addition of Olin Mathieson was a reflection of confidence in the management and the outlook for the company, while the report further stated that the investment made in Glens Falls Insurance Company stock stemmed from the belief that, selling at a substantial discount from book value it appeared to be underpriced in the light of improvement in underwriting trends and the quality of the company.

Referring to the Lazard Fund's annual report for the year 1958 the officers noted that in connection with the Fund's investment in Phillips Incandescent Lamp Works, the statement had been made that the Fund is "slowly and with all of the care of which we are capable" gradually exploring foreign companies of investment stature.

As a result, the Fund has invested in the stocks of seven companies: Acieries de Longwy, Cie. Chimique de Saint Gobain S.A., Forges et Acieries du Nord, Generale Electricite, Michelin Tire, Rhone Poulenc, and Siemens & Halske, A.G.—constituting a cross section of the chemical, drug, pharmaceutical, glass, rubber and steel industries of the European common market.

The 15 largest holdings of the Fund as of March 31, 1959, were:

Georgia-Pacific Corp.	$6,550,000
Royal Dutch Petroleum Company 20 Guilders Par	4,945,000
Bestwall Gypsum Company	3,692,500
Gulf Oil Corporation	3,692,000
Union Carbide Corp.	2,860,000
National Lead Company	2,800,000
Goodrich (B. F.) Company	2,720 000
Int'l Business Machines Corp.	2,715,000
Southern Pacific Company	2,675,250
du Pont (E. I.) de Nemours & Co.	2,341,500
United States Steel Corporation	2,301,000
Deere & Company	2,225,000
Caterpillar Tractor Company	2,175,000
Associates Investment Company	2,175,000
Dow Chemical Company	2,109,375

Sloan, Rodetsky Admit

JERSEY CITY, N. J.—Sloan, Rodetsky & Co., 26 Journal Sq., members of the New York Stock Exchange, on April 9th will admit Lester Genser to limited partnership.

Broad Street Has New Cash Withdrawal Plan

A new Automatic Cash Withdrawal Plan has been made available to shareholders of Broad Street Investing Corporation, National Investors Corporation and Whitehall Fund, Inc., according to Milton Fox-Martin, President of Broad Street Sales Corporation, national distributor of the Broad Street Group of Mutual Funds.

Under the Plan an investor who buys or owns a minimum of $10,000 worth of one of the Broad Street Group of Mutual Funds may automatically receive payments each month.

Monthly payments will be made first from accumulated dividends. If such dividends are not adequate, full or fractional shares will be redeemed as necessary to provide the additional funds required to make withdrawal payments in the amount the shareholder has directed.

The Plan is offered as an additional service to shareholders of the Broad Street Group of Mutual Funds. It clearly points out that a shareholder taking advantage of the facilities provided must realize that when his withdrawals exceed accumulated dividends, payments made from his principal will deplete his capital; and if excessive withdrawals continue long enough, the Planholder's investment will be exhausted.

Energy Fund Has 2,000 Stockholders

Stockholders of Energy Fund, a no-load Mutual Fund specializing in the energy industries, now total 2,000. This is better than a 50% increase since the first of the year, at which time stockholders totaled 1,272.

Energy Fund, first offered to the public Oct. 19, 1955, at which time net assets were less than $1,000,000 and share price $12, today has total assets of $7,300,000, and total shares outstanding are 354,000. Net asset value per share on April 2, 1959 was $20.64, an increase of 13% since the beginning of the year.

Since Energy Fund shares are offered at net asset value, growth has been without benefit of a selling organization.

New Acquisition

The Fund recently completed an initial postion of 2,500 shares of Puerto Rico Telephone, Inc., "in order to participate in the exciting growth of industry, business and tourism, which is taking place on the Island."

It is anticipated that the rate of growth will increase over the coming years, and that Puerto Rico Telephone will reflect this growth through a substantial increase in revenues and earnings.

Pleasure Boating Gets Big Boost

More than 35 million Americans will spend about two billion dollars on pleasure boating this season and National Securities & Research Corp. notes that the current surge of interest in boats strikingly parallels the enthusiasm for motor cars in the 1920's.

Then the lure of the highways coupled with technological developments that made cars safer and easier to drive and maintain popularized motoring. For many of the same reasons, the waterways are sought out today, reports the sponsor and manager of the $450 million National Securities Series of mutual funds.

Radio direction finders and radars now assist small boat skippers in navigating. Compact radio telephones provide convenient communications as well as the means of sending distress signals in time of emergency. Ultrasonic depth guages furnish warnings of dangerous shoal waters. "From a business standpoint, these elec-tronic devices for pleasure boats represent a market sufficient to attract some of America's largest companies," according to the April issue of ATOMIC ACTIVITIES published by the investment company.

Another area of advanced technology that is benefitting boating is plastics. Glass fibre reinforced plastic boat hulls have won widespread acceptance for both large and small private craft. Qualities such as long life, low maintenance and an inherent degree of fire resistance combined with reasonable cost are distinct advantages for small boat owners. Boating applications have played an important role in doubling glass fibre production in less than five years to a current annual sales volume in excess of $250 million. Other forms of plastics are used in paints, life jackets and rope ATOMIC ACTIVITIES reports.

For sailing craft, synthetic fibres such as Dacron and Nylon offer advantages of lightness, strength, quick drying, freedom from mildew and much longer service life than the traditional cotton sailcloth.

Advanced metallurgy is also making its mark on boating according to National. Corrosion resistant stainless steel and titanium are ideal for deck fittings, Aluminum spars and masts are now commonplace in many sailing craft and outboard motor manufacturers extensively use aluminum alloys because of ease of fabrication by die casting combined with weight advantages.

Tri-Con. Corp. Assets a Share Rise to $48.49

The most recent estimate of assets a share of common stock of Tri-Continental Corporation, the nation's largest diversified closed-end investment company, was $48.49 on shares outstanding and $43.44, assuming the exercise of all warrants, Francis F. Randolph, Chairman, reported at the annual meeting of stockholders.

These amounts were up slightly from $48.38 and $43.10, respectively, at the start of 1959, according to Mr. Randolph. There were, he noted, 6,961,922 shares of common stock and 1,076,115 warrants outstanding on March 26, 1959. These compared with 6,891,983 shares of common stock and 1,131,185 warrants outstanding on Dec. 31, 1958.

About 80% of the preferred and common shares combined, the Chairman stated, were represented at the meeting of stockholders. Re-elected directors were: Henry C. Breck, Vice-President of Tri-Continental, Fred E. Brown, President of Tri-Continental, Fred E. Page, Vice-President of Tri-Continental, and W. Paul Stillman, Chairman of The Mutual Benefit Life Insurance Company.

Carriers & General Net Assets Up

At Feb. 28, 1959, total net assets of Carriers & General Corporation was $19,247,803, before deducting principal amount of outstanding debentures, representing an increase of $3,870,035 over the net assets at Feb. 28, 1958, Hugh Bullock, President, announced.

"The invested position of Carriers & General Corporation reflects, on the whole, a conservative approach toward the securities markets," Mr. Bullock said. At Feb. 28, 1959, approximately 15.56% of assets was represented by bonds (both U. S. and corporate), preferred stocks and cash or cash items. The common stock holdings constituting the remaining 84.44% of assets includes substantial investments in industries having attractive long-term growth prospects or showing, historically, a relative stability as to earnings, price and dividends. In the former category are the petroleum stocks accounting for 17.64% of assets, and the chemicals and drugs constituting 11.41% of assets. Utility and retail trade, offering areas of greater earnings stability, together account for 22.92% of the company's assets at market.

Ecker Reiterates Opposition to Variable Annuities

Frederic W. Ecker, President of the Metropolitan Life Insurance Company, described as "fantastic and misleading" a statement in the New York press that the Supreme Court's decision in the SEC-variable annuities case had paved the way for action by the New Jersey Legislature to legalize the sale of variable annuities by life insurance companies.

"Quite to the contrary," Mr. Ecker declared on March 25, "this decision clearly emphasizes the danger of Federal regulation, which we have pointed out all along, if life insurance companies should enter this field. Presumably we are all interested in preserving State regulation of insurance, but I can think of no better way of inviting Federal regulation than for life companies to commence selling such contracts to the public."

Mr. Ecker suggests that once Federal supervision is established over any part of the business conducted by life insurance companies "there is no telling where it will end."

"Furthermore," Mr. Ecker stated, "regardless of SEC regulation, if the life companies aggressively enter this field, they inevitably will amass large holdings of common stock, carrying with it at least some degree of ownership or control of industry, which in itself would be an open invitation to Federal regulation."

Mr. Ecker noted that the majority of the Court held that variable annuities are predominantly an investment contract with "no true underwriting of the risks, the one earmark of insurance as it has commonly been conceived of in popular understanding and usage." He also pointed out that the Court in its opinion said of companies issuing variable annuities that ". . . they guarantee nothing to the annuitant except an interest in a portfolio of common stocks or other equities . . ." and that, "the variable annuity places all the investment risk on the annuitant, none on the company."

"This has been our contention all along," Mr. Ecker commented, "and this shifting of the risk is foreign to the life insurance business and may well bring damage to the fine reputation our business now enjoys."

Rossman to Admit

F. L. Rossman & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on April 9th will admit Kathranne C. Rossman to limited partnership.

Joins Craig-Hallum

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — John T. Stacy is now with Craig-Hallum, Inc., 133 South Seventh St.

With Hathaway Inv.

DENVER, Colo.—Gerald L. Getman is now with Hathaway Investment Corporation, 1824 Lincoln Street.

Our Reporter's Report

Once again the line of demarcation becomes clear between new corporate offerings brought to market by the negotiated route as against those which find their way to investors through competitive bidding.

With the secondary bond market continuing to show a decided lack of investor interest, it develops that bankers can bring a negotiated deal out for public offering with a marked degree of assurance of success.

This has been demonstrated on a number of occasions in recent weeks while the reverse has been true, generally speaking, of issues which have first gone through the competitive bidding stage.

One of the best names among public utilities, Cleveland Electric Illuminating Co., brought out an issue of $25 million of bonds a fortnight ago carrying a 4⅜% coupon and priced at 101.625 to yield 4.285%.

The bonds got away to a promising start. But the general market continued to reveal evidences of softness and demand for this issue flattened out after something better than 60% of the total had been sold. The bonds than were cut loose from syndicate and settled in a range of 100¼ bid and 100½ asked.

It is no great cause for wonder, under the circumstances, that institutional investors remain slow to speak for new emissions. Again those brought out by competitive bidding must overcome the influence of any spread between first and other bids if these prove to be substantial.

Gas Pipe Line Issues

Securities of natural gas pipe line companies continue to meet with favorable investor response, it is indicated by results of recent offerings. Tennessee Gas Transmission Co. this week marketed an issue of 440,000 shares of convertible second preferred stock.

Priced at 100 to yield 4.72%, the amount of the coupon rate designated, the stock went out quickly and underwriters put up the "all sold" sign.

Yesterday Texas Eastern Gas Transmission Corp., put $45 million of its first mortgage 4⅞% bonds on the market priced at 99½ to yield 4.92%. An attractive feature here was the 20-year maturity. But buyers evidently had expected a bit more yield and orders were slow.

Pension Funds Set Pace

The increased importance of the pension funds which have grown immensely as investment factors in the last decade, is being felt on a broadening front. Buying by such sources is one of the factors helping to sustain the equity market.

And since their interest extends into the field of quality stocks, it is not surprising that the possibilities of this formation of capital affords rising attraction for the prospective corporate borrower.

American Telephone & Telegraph Co.'s huge fund, boasting some $2.8 billion assets at the close of last year, has been sort of setting a pattern so to speak for these institutions and this has included a liberal share of equities.

Slow Going Ahead

Distributors of new securities will hardly be rushed in the week ahead by the task of moving the few issues that are on tap. The largest, fortunately, is slated to be marketed by negotiation rather than competitive bids.

This is Philco Corp.'s $20 million of debentures scheduled to be offered on Thursday. Tuesday brings $11 million bonds of Central Power & Light Co. up for bids. Louisiana Power & Light is slated to sell $7.5 million of preferred stock.

And on Wednesday, Wisconsin Power & Light will open bids for $14 million of new bonds. A number of smaller corporate prospects are on tap should they materialize.

Allen & Co. Arranges Private Placement

Houdaille Industries, Inc., it was announced on April 6, has arranged through Allen & Co. to place with an institutional investor an issue of $20,000,000 of its promissory notes due April 1, 1974. The proceeds are to be used for refunding purposes.

The first closing on April 2, 1959 was for $5,000,000, and the second closing is scheduled for April 1, 1960 for $15,000,000.

$16,910,000 Bonds of State of Connecticut Offered to Investors

The First National City Bank of New York is manager of an underwriting syndicate which was the winner April 8 of an issue of $16,910,000 State of Connecticut Various Purpose Bonds, due May 1, 1960 to 1979, inclusive. The group submitted a bid of 100.6899 for the bonds carrying a 3% coupon, a net interest cost of 2.9341% to the state.

On reoffering to the public, the bonds are scaled to yield from 1.90% to 3%, according to maturity.

Other members of the offering group are:

Halsey, Stuart & Co. Inc.; Harris Trust and Savings Bank; Kuhn, Loeb & Co.; Phelps, Fenn & Co.; Stone & Webster Securities Corp.; Blair & Co. Inc.; Wertheim & Co.; Seattle-First National Bank; and Hallgarten & Co.

B. J. Van Ingen & Co. Inc.; Hornblower & Weeks; First of Michigan Corp.; F. S. Smithers & Co.; Weeden & Co. Inc.; Roosevelt & Cross Inc.; Schoellkopf, Hutton & Pomeroy, Inc.; Reynolds & Co.; American Securities Corp.; Adams, McEntee & Co., Inc.; Dick & Merle-Smith; and C. F. Childs and Co. Inc.

Branch Banking & Trust Co.; Robert Winthrop & Co.; J. A. Hogle & Co.; National Bank of Commerce of Seattle; Lincoln R. Young & Co.; Model, Roland & Stone; Winslow, Cohu & Stetson; Industrial National Bank of Providence; National Bank of Westchester; Singer, Deane & Scribner; Thomas & Co.; McJunkin, Patton & Co.; Anderson & Strudwick; and Frantz Hutchinson & Co.

P. Michael Co. Formed

GARFIELD, N. J.—P. Michael & Co. has been formed with offices at 69 Passaic Street to engage in a securities business. Officers are Patrick McLaren, President; Michael D. Favata, Vice-President; Marion Steinen, Secretary; and Marie Favata, Treasurer. All were formerly with Future Planning Corp. Prior thereto Mr. McLaren was with Eisele & King, Libaire, Stout & Co.

R. G. Ingram Opens

TERRE HAUTE, Ind. — Ray G. Ingram is conducting a securities business from offices at 7-B Meadows Center under the firm name of Ray G. Ingram & Co.

With First California

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William J. Crawford, Jr. has become connected with First California Company Incorporated, 647 South Spring Street.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—The Post Office Department is big business, and it is getting bigger each year.

It takes a colossal sum of money to operate 36,308 post offices, 31,465 rural routes embracing 1,615,994 miles, and to pay the salaries of 538,416 postal workers.

President Eisenhower in January recommended that Congress appropriate $3,899,080,000 to operate the Department for fiscal 1960. The House trimmed the amount in a bill the other day to $3,847,000,000, and sent it to the Senate.

The Post Office Department estimates that its deficit at the end of the current fiscal year will amount to $542,700,000. President Eisenhower recommended to Congress that it raise postal rates to bring in an additional $350,000,000 for fiscal 1960, but there is little or no change that Congress will approve the increase.

One of the few things the Department has been making a profit on is postal savings deposits. During fiscal 1958 postal savings continued to decline at an average rate of about $20,000,000 a month. In the face of the decline, however, the postal savings system showed a $5,000,000 net profit on its operations.

One of the acknowledged troubles with the Department's postal operations is the obsolete physical plant. There is a constant growth of mail volume, without appropriate increase in plant capacity. Qualified people at the Department maintain that it is going to be extremely difficult within a few years to handle mail in many places without long delays.

More than half of the post office space is concentrated in 3,300 Federal buildings, many of them located in key gateway cities. Many of them are totally unsuited for mail handling.

$2 Billion to Modernize

Department experts estimate it will take at least $2,000,000,000 to modernize its physical plant across the nation. When funds become available, the Department is prepared to launch a three-to-five-year program to build 12,000 new post office buildings, and remodel and mechanize some of the large post office buildings.

Because of the obsolete situation and the bottlenecks of sorting mail that marks the post offices in all states, it was highly significant recently when the U. S. Post Office Department officially opened the world's most mechanized post office—the Washington, D. C. office.

New Era: Summerfield

Postmaster General Arthur E. Summerfield pointed out that it opened a new era in postal service. The introduction of mail-handling devices in the post office of the nation's Capital, within sight of the Capitol, is a major break-through from the past.

The Cabinet office said the mechanized mail-handling devices is as important to postal service for mail in 1831 or the services for mail in 1831 or the inauguration of air mail in 1918.

"The major bottleneck to better, faster mail service is the time now required to sort and distribute mail," said Postmaster General Summerfield, "and to move it through the large gateway post offices of the United States. The seriousness of this problem is highlighted by these facts."

"The American people send and receive two-thirds of the world's mail. The astonishing volume now totals 61,000,000,000 pieces of mail plus a billion parcels a year. As the nation grows and its economy expands, the number of pieces of mail per person per year, now averaging 350, it is expected to double to 700 within the next 25 years."

Mechanization in the Washington post office moves the mails continuously, makes better use of floor space, eliminates drudgery, and uses the abilities of postal workers to better advantage. The mechanization will decrease the floor space needed to process the increased mail volume in the future.

National Showcase

Among other things the mechanization experience derived from the post office in Washington will be of tremendous aid to convert other offices. Improvements will be made in the equipment here, and some "bugs" will be eliminated tomorrow before money is spent on converting other offices.

Mr. Summerfield is correct when he says the Washington office will serve as a national showcase so that visitors from everywhere may see how their mail-handling problems are being carried out.

Major features of the first of the country's big post offices to have all possible automation and mechanization installed are:

A mile-long conveyor system to move 5,000,000 pieces of mail daily in and out for more than 650 planes and trains every day and for many trucks;

Five miles of "Mail-Flo" conveyor belts to move mail swiftly between mail sorting areas on the post office workroom floor, semi-automatic letter sorting equipment to handle up to 18,000 letters an hour;

Semi-automatic parcel post sorting equipment to handle up to 14,400 parcels an hour to 32 destinations, and a postal laboratory for continuous development of even more advanced "postal machines of tomorrow."

These include even faster letter sorters; machines to "cull" mail — separate according to types—at high speeds; machines to "read addresses on letters; others to cancel and to sort letters even faster.

In addition to speedier mail handling, many other improvements have been provided. In the new "around-the-clock" lobby, open bank-type service counters greet the mailer. Nearby, machines sell stamps and postal cards, and make change. New fluorescent lighting improves efficiency, and the building will be air-conditioned, with modernistic coloring. There are escalators to upper stories.

Benefit Entire Nation

Asserting the Washington, D. C. office will "produce benefits for the entire nation," General Summerfield declares it will provide experience in moving the mails continuously, with minimum interruptions, in making better use of work space and in planning for the future.

The world's most mechanized post office each day is now handling mail that arrives and departs on about 250 planes at National Airport, and handles mail from 46 inbound and 42 outbound trains, along with other surface transportation.

Mechanization and automation of post offices will mean these significant developments for the American Postal System:

Break the bottleneck to better mail service in this vital "gateway" post office, move the mails continuously and efficiently in and out of the workroom floors, keep the post office clean and free of costly congestion, and eliminate drudgery and use the abilities of postal workers to better advantage.

Additionally, the modernization work in the Washington, D. C. post office is important because: It will provide mechanization experience to convert other post offices, it will be a testing ground for mail processing equipment of tomorrow, and it will be close for postal engineers to inspect and improve, and will serve as a national showcase so that visitors from everywhere may see what the Post Office Department expects to do in many other post offices in every section of the nation.

ITT Unit Gets Contract

Meanwhile the Department several weeks ago ordered the nation's first fully-mechanized mail processing plant and post office at Providence, R. I.

Intelex Systems, Inc., of New York, a subsidiary of International Telephone and Telegraph Corporation, will build and equip this new "post office of tomorrow" at an estimated cost of $20 million and lease it to the Post Office Department for 20 years.

The Post Office Department will pay Intelex an annual rental of approximately $1.4 million during the 20-year lease period, plus maintenance costs for plant and equipment on the basis of audited vouchers of actual expenditures.

The Post Office will be on a 13½ acre site in the new West River Industrial Park, about a five minute drive from downtown Providence. The project is near mainline rail facilities, and is served by an express highway system. It is 20 minutes from the airport. Adjoining the main building will be a heliport with 8,000 square feet of landing area. There will also be extensive driveways and parking and maneuvering areas.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Our next speaker, Mr. MacBeagel, is an authority on the results of excess taxation!"

Forms J. G. Donohue Co.

Joseph Grant Donohue is now engaging in a securities business from offices at 250 E. 50th Street, New York City, under the firm name of J. Grant Donohue & Co.

Opens Investment Co.

FT. LEE, N. J.—Harriet J. Eisenberg is engaging in a securities business from offices at 268 Westview Avenue under the firm name of Harriet Eisenberg & Co.

James G. Elmer Opens

FT. WORTH, Tex.—James G. Elmer is conducting a securities business from offices at 554 South Summit.

Fla.-First Secs. Opens

JACKSONVILLE, Fla.—Florida-First Securities, Inc. has been formed with offices in the Lynch Building to engage in a securities business. R. Eugene Orr is a principal in the firm.

Ky. Co. Opens Branch

FRANKFORT, Ky.—The Kentucky Company has opened a branch office at 309 West Main Street under the management of William O. Holton II.

Opens New Branch

WEST LOS ANGELES, Calif.—The Pacific Coast Securities Company has opened a branch office at 1054 Broxton under the management of Wilbur A. Morris.

Forms Capital Management

BROOKLYN, N. Y.—Frank P. Russo is engaging in a securities business from offices at 2430 Benson Avenue under the firm name of Capital Management Co.

Carr Securities Opens

GREAT NECK, N. Y.—Carr Securities Corp. has been formed with offices at 2 Cow Lane to engage in a securities business.

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Benefit Entire Nation

Asserting the Washington, D. C. office will "produce benefits for the entire nation," General Summerfield declares it will provide experience in moving the mails continuously, with minimum interruptions, in making better use of work space and in planning for the future.

The world's most mechanized post office each day is now handling mail that arrives and departs on about 250 planes at National Airport, and handles mail from 46 inbound and 42 outbound trains, along with other surface transportation.

Mechanization and automation of post offices will mean these significant developments for the American Postal System:

Break the bottleneck to better mail service in this vital "gateway" post office, move the mails continuously and efficiently in and out of the workroom floors, keep the post office clean and free of costly congestion, and eliminate drudgery and use the abilities of postal workers to better advantage.

Additionally, the modernization work in the Washington, D. C. post office is important because: It will provide mechanization experience to convert other post offices, it will be a testing ground for mail processing equipment of tomorrow, and it will be close for postal engineers to inspect and improve, and will serve as a national showcase so that visitors from everywhere may see what the Post Office Department expects to do in many other post offices in every section of the nation.

ITT Unit Gets Contract

Meanwhile the Department several weeks ago ordered the nation's first fully-mechanized mail processing plant and post office at Providence, R. I.

Intelex Systems, Inc., of New York, a subsidiary of International Telephone and Telegraph Corporation, will build and equip this new "post office of tomorrow" at an estimated cost of $20 million and lease it to the Post Office Department for 20 years.

The Post Office Department will pay Intelex an annual rental of approximately $1.4 million during the 20-year lease period, plus maintenance costs for plant and equipment on the basis of audited vouchers of actual expenditures.

The Post Office will be on a 13½ acre site in the new West River Industrial Park, about a five minute drive from downtown Providence. The project is near mainline rail facilities, and is served by an express highway system. It is 20 minutes from the airport. Adjoining the main building will be a heliport with 8,000 square feet of landing area. There will also be extensive driveways and parking and maneuvering areas.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"Our next speaker, Mr. MacBeagel, is an authority on the results of excess taxation!"

Forms J. G. Donohue Co.

Joseph Grant Donohue is now engaging in a securities business from offices at 250 E. 50th Street, New York City, under the firm name of J. Grant Donohue & Co.

Opens Investment Co.

FT. LEE, N. J.—Harriet J. Eisenberg is engaging in a securities business from offices at 268 Westview Avenue under the firm name of Harriet Eisenberg & Co.

James G. Elmer Opens

FT. WORTH, Tex.—James G. Elmer is conducting a securities business from offices at 554 South Summit.

Fla.-First Secs. Opens

JACKSONVILLE, Fla.—Florida-First Securities, Inc. has been formed with offices in the Lynch Building to engage in a securities business. R. Eugene Orr is a principal in the firm.

Ky. Co. Opens Branch

FRANKFORT, Ky.—The Kentucky Company has opened a branch office at 309 West Main Street under the management of William O. Holton II.

Opens New Branch

WEST LOS ANGELES, Calif.—The Pacific Coast Securities Company has opened a branch office at 1054 Broxton under the management of Wilbur A. Morris.

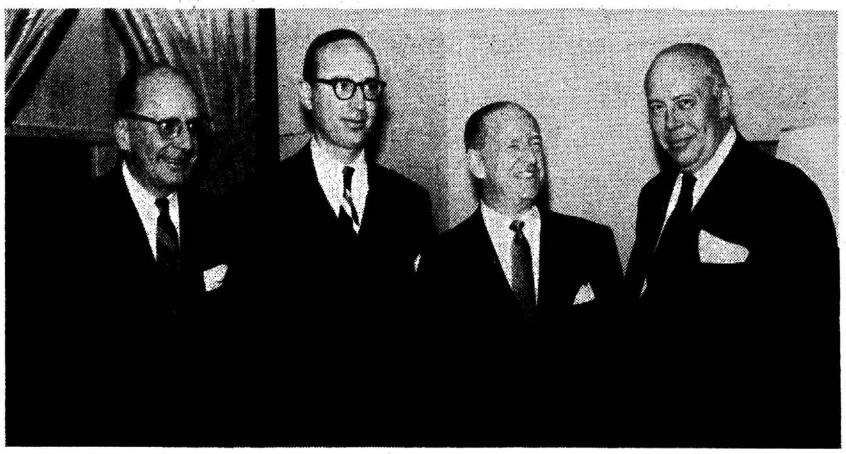
Forms Capital Management

BROOKLYN, N. Y.—Frank P. Russo is engaging in a securities business from offices at 2430 Benson Avenue under the firm name of Capital Management Co.

Carr Securities Opens

GREAT NECK, N. Y.—Carr Securities Corp. has been formed with offices at 2 Cow Lane to engage in a securities business.

New York Security Dealers Association



Gene Statter, *Mabon & Co.;* Paul Windels, *Securities & Exchange Commission;* Frank Dunne, *Dunne & Co.;* Edward C. Werle, *Johnson & Wood,* Chairman of the *New York Stock Exchange*

Herb Abelow, *Mitchell & Company;* Jim Mundy, *Suplee, Yeatman, Mosley Co., Incorporated* (Philadelphia); Walter Kane, *Shearson, Hammill & Co.;* Jack Jossem, *Mitchell & Company*

Hal Murphy and Edwin L. Beck, *The Commercial & Financial Chronicle and Standard & Poor's Corporation*

Arthur Bisgood, *Registrar & Transfer Co.;* Edward T. McCormick, *American Stock Exchange;* Harry R. Amott, *Amott, Baker & Co. Incorporated*

Dr. Kenneth McFarland, *General Motors Corporation;* Eugene Statter, *Mabon & Co.*

Bernard Abramson, Samuel A. Hirshowitz, Carl Madonick, and David Clurman, all of *Attorney General's Office of the State of New York;* David Morris, *David Morris & Co.*

Professor John Bailey, *Northeastern University* (Boston); Maurice Hart, *New York Hanseatic Corporation;* Col. Oliver J. Troster, *Troster, Singer & Co.;* Dr. Kenneth McFarland, *General Motors Corporation;* Edward A. Bracken, *General Motors Corporation*

Joseph Smith, *Newburger & Co.* (Philadelphia); Barney Nieman, *Carl Marks & Co., Inc.;* Jim McFarland, *Stroud & Company, Incorporated* (Philadelphia); Bob Kullman, *John J. O'Kane, Jr. & Co.*

William Rieber, *Chase Manhattan Bank;* Elbridge Smith, *Stryker & Brown;* George Varley, *Chase Manhattan Bank;* Bill Burgoon, *Chase Manhattan Bank*

33rd Annual Dinner

Sam Weinberg, *S. Weinberg, Grossman & Co., Inc.;* Ben Golden, *Model, Roland & Stone;* Albert F. Frank, *Ladenburg, Thalmann & Co.;* Carl Dreyer, *Stieglitz & Co.;* Helmut Schalla, *H. Cassel & Co.;* Charles Fink, *Wolfe & Co.*

Joseph Flanagan, *John J. O'Kane, Jr. & Co.;* Edward J. Enright, Executive Secretary, *New York Security Dealers Association;* Martin J. Cunnane, *Coca-Cola Bottling Co.;* James P. Dougherty, *RCA Service Co.*

Jim Rybeck, *William Rybeck & Company* (Meriden, Conn.); Jules Bean, *Singer, Bean & Mackie, Inc.;* George V. Canniff, *A. M. Kidder & Co., Inc.;* Warren Elges, *A. M. Kidder & Co., Inc.*

Jim Traviss, *S. J. Brooks & Company* (Toronto); Fritz (Red) Johnson, *Golkin & Co.;* Murray Lerner, *Adler, Coleman & Co.;* Julius Golden, *Greene and Company*

Barney Nieman, *Carl Marks & Co., Inc.;* Prof. John S. Bailey, *Northeastern University,* Boston, Mass.; Edward A. Bracken, Jr., *General Motors Corporation*

George Rieber, *National Association of Securities Dealers;* Al Purkiss, *Walston & Co., Inc.;* George Bergen, *National Association of Securities Dealers;* John J. Kelly, *National Association of Securities Dealers*

Jim Connolly, *Estabrook & Co.;* Ernest Lienhard, *Troster, Singer & Co.;* Kenneth Bentley, *Palisades Trust Co.* (Englewood, N. J.); Wilfred N. Day, *Chas. A. Day & Co., Inc.* (Boston); Ed Schaefer, *H. D. Knox & Co., Inc.*

Walter Filkins, *Troster, Singer & Co.;* Charles Lye, *Riter & Co.;* Mickey Pauley, *Troster, Singer & Co.;* Edward Larkin, *White, Weld & Co.;* Vincent Shea, *Glore, Forgan & Co.*

George Springer, *Hodson & Company, Inc.;* Stuart Wixson, *Hodson & Company, Inc.;* Morton Weiss, *Beekman & Bogue;* Edward C. Werle, Chairman of the *New York Stock Exchange*

Friday April 3, 1959

Bob Topol, *Greene and Company;* Bob Farrell, *Laird, Bissell & Meeds;* Hanns Kuehner, *Laird, Bissell & Meeds;* Ed Amendola, *Bache & Co.*

Fred Bock, *John J. O'Kane, Jr. & Co.;* Murray W. Stillman, *Abraham & Co.;* Arthur Pfister, *Registrar & Transfer Co.;* Carlisle L. Detjen, *Oppenheimer & Co.*

Ben O'Connor, *Registrar & Transfer Co.;* Bert Pike, *Troster, Singer & Co.*

Richard Abbe, *Shearson, Hammill & Co.;* Lester Frenkel, *Gersten & Frenkel*

Jack Jensen, *Eaton & Howard Incorporated* (Boston); Charles Bruggeman, *Dean Witter & Co.;* Lou Zwahl, *Mabon & Co.*

W. F. Moss, *National Quotation Bureau;* Nat Krumholz, *Siegel & Co.;* Philip J. Chasin, *The Commercial Bank of North America;* Gambol J. Dunn, *Dunn & Rollins*

Joe Wolf, *National Quotation Bureau;* Kevin Quinn, *Quinn, Neu & Co., Inc.;* J. E. Shields, *Greene and Company;* M. Soukup, *Smith, Barney & Co.;* Joe Conlon, *Grace Canadian Securities, Inc.*

John Reilly, *G. H. Walker & Co.;* Steve Smith, *G. J. Mitchell, Jr. Co.* (Washington, D. C); Vincent C. Mitchell, *G. J. Mitchell Co.* (Washington, D. C.); Thomas W. Stewart, *J. H. Hilsman & Co., Inc.* (Atlanta, Ga.); Col. Henry C. Ahalt, *Searight, Ahalt & O'Connor, Inc.* (Washington, D. C.); Steve J. Thomas, *G. J. Mitchell Co.* (Washington, D. C.)

George Martens, *Winslow, Cohu & Stetson;* Irving Maxfield, *Winslow, Cohu & Stetson;* Sal Rappa, *F. S. Moseley & Co.;* George Reiss, *Grace Canadian Securities Inc.;* Irving Feltman, *Hay, Fales & Co.*

At Waldorf-Astoria Hotel

Dick Abbe, *Shearson, Hammill & Co.;* Michael J. Heaney, *Michael J. Heaney & Co.;* Ted Wechsler, *G. C. Haas & Co.;* Stanley Roggenburg, *Roggenburg & Co.;* William C. Hendrick, headwaiter, and cigarette girl in background

Frank Dunne, Jr., *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* "Duke" Hunter, *Wellington Hunter Associates* (Jersey City, N. J.); R. Michael Dunne, guest; M. F. Peterson, *U. S. Envelope Co.* (Springfield, Mass.)

Joe Markman, *Newburger & Co.* (Philadelphia); Elbridge H. Smith, *Stryker & Brown;* Bill Moran, *Securities & Exchange Commission*

Henry Jeret, *Hirsch & Co.;* Don Williams, *Burnham and Company*

Irving A. Greene, *Greene and Company;* Charles D. Runyan, *Commercial Bank of North America*

Alexander Zebertovich, *New York Hanseatic Corporation;* H. E. Ben, *New York Hanseatic Corporation;* Fred Carter, *De Haven & Townsend, Crouter & Bodine* (Philadelphia); Irwin Frumberg, guest; Alton Blauner, *Netherlands Securities Company, Inc.*

Clarence Whitaker, *C. B. Whitaker Co.;* Anthony Zappa, *C. B. Whitaker Co.;* M. J. G. Logan, *Chemical Corn Exchange Bank;* Paul Rhoades, *Berk & Company;* J. M. Berk, *Berk & Company;* Max Philipson, *Philipson and Company* (Utica, N. Y.)

Louis E. Goldstein, *Commercial Bank of North America;* Louis Weinstein, *Commercial Bank of North America;* C. D. Runyan, *Commercial Bank of North America*

Al Abelow, *Mitchell & Company;* Everett F. Wendler, *Mitchell & Company;* Joseph North, *Francis I. du Pont & Co.;* Harry Casper, *Sidney Jacobs Co.*