ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 189 Number 5850 New York 7, N. Y., Thursday, May 28, 1959 Price 50 Cents a Copy

EDITORIAL

As We See It

The recent increase of the so-called prime rate in New York City doubtless has strengthened the conviction of New Dealers and others of like mind that the "tight money" policy of the Federal Reserve authorities is squeezing or is about to squeeze the economy badly and prevent that rate of growth which has become a fetish with so many of the economic doctors among the politicians. The facts are, however, of a different order. It is true, of course, that the discount rate has been raised and that excess reserves have of late been consistently held to amounts below the indebtedness of member banks to the reserve banks. It is also true that various spokesmen for the Federal Reserve system have several times of late warned about the danger of inflation, which is sometimes taken as assurance that further tightening of the money market is to be expected — or, at the least, a continuance of present policies.

But this is not the full story by any means. There are other factors behind the firmness in money rates. There is some question, to say the least, whether commercial banks would rush to expand their loans even if the discount rate were lower and excess reserves more abundant. The able men who manage the affairs of these institutions well realize that the nature of their assets is quite different from what it was in days gone by when vast expansion was more easily induced. The close of the war found commercial banks with much more of their resources in government obligations than in loans to private business and individuals. Even as late as the end of 1950 the ratio was $62 billion in governments to $52 bil-

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Financial Market Trends In Our National Economy

By DR. JAMES J. O'LEARY*
Director of Economic Research
Life Insurance Association of America, New York City

Insurance industry's economist uncovers prospects for a deceleration in the stock market prices, for "a thoroughly satisfactory business rebound" and for a year-end long-term interest rate somewhat higher than the current one. Dr. O'Leary directs attention to free market's natural recuperative powers; believes Congress will be compelled to raise the statutory interest ceiling on Government bonds; and expects success in achieving a balanced budget will dampen the inflation psychosis, remove Treasury pressure on capital markets and provide more monetary freedom at the Fed. Moreover, the author expresses confidence that corporations will not disgorge their holdings of Treasury securities.

During the past year we have gone through one of the most interesting, and at the same time most worrisome, periods in the financial history of the United States. The next year promises to be hardly less eventful. The purpose of my remarks is to outline the significant economic and financial developments in the past year and to look into my crystal ball to see what the next several months have in store for the American economy and our financial markets. Primary attention will be paid to financial market developments, but they can be reviewed satisfactorily only against the background of development in the national economy as a whole. First, let us review briefly the significant developments which have taken place in our national economy in the past year. In view of the steady business recovery of the past several months, it is easy


James J. O'Leary

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*An address by Dr. O'Leary before the National Association of Mutual Savings Banks, Atlantic City, N. J., May 18, 1959.

The Development Bank and Puerto Rico's Progress

By RAFAEL PICO*
President, Government Development Bank for Puerto Rico

Puerto Rico's Government Development Bank's pullulating activities, making possible one of the highest investment rates in the world, are described by the Bank's head. Mr. Pico details the supplemental, non-competitive private lending and public borrowing performed, and role in improving the financial environment in Puerto Rico and in bringing the banking community closer to the mainland. Proud of the unblemished debt record established by the Government, municipalities and public corporations, the banker outlines the advantages of having an official of the Bank in New York City, and notes the confidence enjoyed by private investors in the social, economic and political stability of Puerto Rico.

Investment is an essential ingredient in the process of economic growth. Indeed, the availability of investment funds and their effective utilization lie at the heart of economic expansion. Careful financial planning can thus spell the measure of success which will be attained by any development program.


Dr. Rafael Pico

As "Operation Bootstrap" took shape in Puerto Rico, recognition was given to the need for financial instruments to help in the process of economic development. In addition to tax exemption, training of workers, construction of industrial buildings and other complementary aids and inducements offered to stimulate private investment—Puerto Rico has also focused attention on means of providing necessary financial assistance to businessmen. Furthermore—as another important feature of financial policy—adequate supplies

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*An address by Mr. Pico before the American Management Association, New York City.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

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

Interstate Bakeries Corp. — Herbert E. Harris, Investment Dealer, Dayton, Ohio. (Page 2)

Kay Jewelry Stores—Van V. Midgley, Head Analyst, Mason Brothers, Oakland, Calif. (Page 2)

HERBERT E. HARRIS

Dayton, Ohio

Member, National Association of Securities Dealers

Interstate Bakeries Corporation

Food is a daily necessity of life. Almost every other necessity and, of course, all non-necessities, can be deferred if need be; but food is a daily necessity. And although "man does not live by bread alone," it is the number one food.

Herbert E. Harris

One of the most successful companies in the food industry is Interstate Bakeries Corporation. Incorporated in 1937, it has forged steadily ahead and is now the fifth largest organization of its kind. Its record has been and continues brilliant. Its products are sold through 135 sales branches in every State except five northeastern and two northwestern States.

The company has six brand names of bread, the best known of which is "Butternut" in the East and Mid-West and "Weber's" in the Far-West. It has one brand name cake; "Dolly Madison." Its 23 bread and six cake bakeries are strategically located and its customers, which are restaurants, grocery stores and food stores, are well served by the company's large fleet of trucks.

The most important factor in any business is—management. The ability and experience of Interstate's management is clearly reflected in its past and continuing success. Here are some potent statistics for the 10-year period: 1949-1958. Figures are based upon the outstanding 961,023 shares of common stock. Sales increased 111% from $55 million to $116 million. Net earnings increased 56% from $2.3 million to $3.6 million. Book value increased 800%. Working capital increased 127%. Current ratio is 2.85 to 1. The company has preferred stock, but no bonds.

Dividends has increased 270% from 38¢ to $1.40 a share. Furthermore, a 100% stock dividend was paid in 1951, a 25% stock dividend in 1954 and another 25% stock dividend in 1956. Based on the 1951 pre-stock dividend price and the current market price of about $38 a share, the capital gain is 400% and the yield on the original investment is over 20% per annum. The annual dividend has been increased in every year except one in the past 10 years. I believe this stockholder consideration by the company will continue.

Certain handicaps in 1958 could have been expected to have quite a depressing effect on earnings, but management mastered the problems and earnings declined to only $3.43 from $3.86 a share in 1957. They were the second highest in the company's history. Earnings for the first 16 weeks of this year were $1.03 vs. 85¢ a share for the same 1958 period; up 20%. Assuming that 1959 earnings will approach $4 a share, which is a reasonable expectation, the stock is selling at about 10 times earnings and the current $1.40 dividend is only about 40% of earnings.

The company never compromises on the quality of its products. To maintain its well known high standards, its modern equipment is maintained at the highest point of efficiency and it has an excellent and growing research department. So, this is an investment in a popular daily necessity —good times and bad—produced by an outstanding organization, which has excellent profit potentials.

The stock is traded in the Over-the-Counter Market.

VAN V. MIDGLEY

Head Analyst and Account Executive Mason Brothers, Oakland, Calif.

Members Pacific Coast Stock Exchange

Kay Jewelry Stores

"In keeping with our policy of expansion through the purchase of established stores and by adding new stores, your company in October 1958 acquired fourteen well known and outstanding stores in the Southwest, providing further geographical diversification. We estimate they should contribute annually some $5,000,000 in net sales and a minimum of $400,000 to $500,000 in net earnings, after taxes. (equals 70¢ to 90¢ a share on present capitalization).

Van V. Midgley

"Since the close of the fiscal year June 30, 1958, we have opened one store in Winston-Salem, North Carolina, and one in Prince George's Plaza, Hyattsville, Maryland, which is adjacent to Washington, D. C., metropolitan area. Three more stores will be opened in 1959 in Binghamton, New York; Charlotte, North Carolina, and Lenox Square Shopping Center, Atlanta, Georgia. We are currently negotiating for the purchase of three additional stores in the Southwest Area."

The above embraces part of a letter to stockholders dated Dec. 15, 1958, by Mr. C. D. Kaufmann, President of Kay Jewelry Stores.

Kay Jewelry Stores is one of the two largest retail credit jewelry stores in the United States. The original Kay store was established in 1916 in Reading, Pennsylvania. In 1954 80% of the stock of 56 corporations operating credit jewelry stores was acquired. In 1956, Lazard Freres headed a group in the offering for public ownership for the first time of 150,000 shares of Kay Company stock at $21 a share, the highest price the stock has sold until recently. About 38% of the Kay Company stock is closely held by executives and their families.

The growth potential of Kay Jewelry Stores, as in any chain store operation, lies in expanding retail outlets. There are 18 stores in California which are not owned by Kay but operate under the Kay name and cooperate in management procedure. They purchase their merchandise through a wholesale subsidiary of the Kay Company which realizes to the maximum economies in purchases. There are six additional stores in the country which are likewise set up.

EARNING-DIVIDEND RECORD

Fiscal Year Ends June 30th

	Gross revenue*		Earned per share	Dividend per share
1959	$14.46	(1st 6 Mos.)	$2.15	$0.80
1958	24.20		1.46	1.60
1957	26.99		2.30	2.20
1956	27.37		‡4.33	1.50
1955	23.12		2.90	1.50

*In million dollars. ‡Capitalization increased in 1956 by 150,000 shares.

Kay operations on a consolidated basis have been profitable without exception through its entire 43-year history including the depression of the 1930s. Net profit margin after taxes averaged 5% in the past five years, a rate regarded to be most attractive in any industry.

Upon acquisition of the 14 stores in the Southwest last October, the company now operates 107 stores in 73 cities in 21 States and Washington, D. C. In addition, the company manages and supervises the 24 affiliated stores above mentioned under Kay name. There will be stores added this year, both by acquisition and building.

It was recently stated by the company management that for the first six months ending Dec. 31, 1958, of the current fiscal year, earnings showed a 11% increase equalling $2.15 per share compared with $1.94 in the like period of 1957.

The company is negotiating to acquire eight to ten additional stores and has arranged a loan with Prudential Life Insurance Co. of $5,000,000 to Finance the store acquisitions already made and to retire short-term obligations. They are continually investigating potential acquisitions.

One institutional manager describes the light blue chips as those "which have been neglected by conservative analysts but which deserve attention now that other issues are so high." In the main, the kind of stocks that institutions are looking at are not the glamor issues selling at over 30 times earnings, but the more pedestrian stocks that have low price-earnings ratios and have been wallflowers during most of the bull market.

With the promise of increased gross revenue through expansion of retail outlets and consequential increase of net income—with the current $1.60 per share dividend being well covered by earnings and showing better than a 7% yield on the current price of the stock—with substantial ownership by management in the company, it appears to me that Kay Jewelry Stores stock will enjoy a much higher market value when it becomes better known by Investment Dealers and the Investing Public.

An Analysis and Indictment of The "Price Notification Bill"

By ROBERT A. BICKS*
Acting Assistant Attorney General
Antitrust Division, Department of Justice, Washington, D. C.

Justice official makes use of economic analyses in indicting and judging "30-Day Price Notification Bill" as an inoperable anti-price inflation vehicle. Noting that the Bill applies to one-half of the country's commerce, Mr. Bicks' brief shows: (1) market forces would be supplanted by public-inquiry pressures; (2) the attack on symptoms is not worth the cost; (3) past admonitions failed and, with this Bill, firms would forego price cuts to avoid going through the procedure in case of future price rises; (4) firms would magnify a price rise so as to obviate small price hikes; and (5) it would hurt those producers responsible for whatever price flexibility some concentrated industries now demonstrate. The Attorney indicates the extent of antitrust enforcement's limitations and argues for a coordinated antitrust and overall program against inflation.

My purpose is to present Justice Department views on S. 215, the "Price Notification Bill." Treating this bill, my plan is — *first* — to sketch briefly that problem of inflation the proposal seeks to meet. With that problem in mind, *Second*, just how would this bill treat rising prices? *Third*, what difficulties do we envision in this bill's approach? And, *finally*, what, if any, contribution, can antitrust enforcement make to meeting problems of inflation, problems with which this Committee, and indeed the entire Executive Branch, are vitally concerned?

I

The Problem S. 215 Seeks to Treat

First, this bill, described by its author, Senator O'Mahoney, in his opening statement, "is intended to be a first step to bring inflation under control * * * [and] constitute[s] an invitation to the leaders of concentrated industry to avoid price increases for the products they manufacture and sell without first showing at a public hearing that there is good reason for the increases." The bill seeks "to prevent by the light of advance publicity alone unnecessary and unwarranted price increases."[1]

Stated otherwise, as Senator Kefauver put it opening these hearings, "The possible need of a bill such as S. 215 arises from the fact that in a number of industries competition may not be sufficiently vigorous to provide adequate protection to the public interest * * * the vigor of competitive forces has in some areas diminished to the point where the public interest is no longer adequately protected by the 'unseen hand' of competition."[2]

II

Just How Does S. 215 Seek to Meet Problems of Inflation?

To meet such problems, S. 215 would apply to "any line of commerce in which 50 per centum or more of the total sales in the United States are made by eight or less corporations, including their respective subsidiaries and affiliates * * *."[3] Within such sectors, the bill goes on to specify that "no corporation included in such group [presumably the top eight firms], and having capital, surplus, and undivided profits in excess of $10,000,000, shall increase the price of its product in such line of commerce" without 30 days' notice.[4] Such notice, according to S. 215, must be delivered to the Federal Trade Commission, the Attorney General, and officials of the Congress "for publication in the Federal Register and the Congressional Record."[5]

"Within thirty (30) days after such notice," the bill goes on, the Commission would be obliged to "call a public hearing on the proposed increase, at which it shall be the duty of the Commission and the Attorney General to examine such corporation with respect to the reasons for and the justifiability of the proposed increase. * * *"[6] Interested parties would "be allowed to appear and give testimony either for or against the proposed increase. * * *."[7] However, the Commission, with the approval of the Attorney General, "could establish rules and procedures for the waiver of all or part of the waiting requirements in appropriate cases. * * *."[8] And, in like fashion, the Commission "may in appropriate cases or categories of cases decline to call a public hearing."[9]

So much for a brief, very brief, sketch of S. 215's provisions. With these provisions in mind, why does

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*Statement by Mr. Bicks before the Senate Subcommittee on Antitrust and Monopoly in which he presented the Justice Department views on S. 215, at Washington, D. C.

1 Mimeographed Opening Remarks by Senator Joseph C. O'Mahoney (D. Wyo.), before Senate Judiciary Anti-trust and Monopoly Subcommittee on S. 215, April 23, 1959, p. 2.

2 Mimeographed Opening Statement by Senator Estes Kefauver (D. Tenn.), April 23, 1959, p. 2.

3 S. 215, p. 2, lines 17-20.
4 Ibid, lines 20-24.
5 Id. p. 3, lines 15-20.
6 Ibid. lines 15-20.
7 S. 215, pp. 3-4.
8 S. 215, p. 4, lines 21-25.
9 S. 215, p. 5, lines 4-5.

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Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
GEORGE J. MORRISSEY, Editor
WILLIAM DANA SEIBERT, President
Thursday, May 28, 1959

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3. Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year, in Dominion of Canada, $68.00 per year. Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record—Monthly, $45.00 per year. (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Observations . . .

By A. WILFRED MAY

THE PRICE EARNINGS RATIO: NEED FOR REALISM

Much of the discussion of the stock market's prospects and opinion about individual issues centers on the price-earnings ratio (the p.-e. ratio, or "multiplier," is derived by dividing the annual per-share earnings figure into the market price). The price-earnings ratio, through the earnings *yield*, is basically important to the value-judging investor in circumscribing his expectable dividend return. Fluctuations in the ratio are likewise significant in evidencing some of the illogical market behavior of the investing community.


A. Wilfred May

The present marks no exception to the habitually extreme price variations from issue to issue. At one pole of popularity are growth and glamour issues like Polaroid with a multiplier of 73, Texas Instruments 66, Minnesota Mining 56, IBM 56; while in the dog-house of low ratios are such issues as Boeing at 9 times earnings, United Airlines 9, Mesta Machine 8, Minute Maid 7, and several rail stocks at similarly low ratios.

And extreme fluctuations in the ratio, with the frequent exception of the growth-stock issues, occur from interval to interval, usually from bull to bear markets. If these ratios were lower during upper stages of an earnings cycle, and higher during a depressed period, this would be logical, in maintaining a steady ratio to the average long-term earning power. But investors do not act thus. Instead, the multiplier usually rises during periods of market enthusiasm and rising prices, and falls during periods of price and emotional depression.

In the great New Era market's summit of 1929, the Dow-Jones Industrial Index stocks sold at 19 times their peak earnings. In early 1937 they stood at 18 times higher earnings. At the end of 1937, after a severe market break, the multiplier fell to 10. In 1938 it rose to 26, falling to 9 in 1941-1942. It rose to 18 in 1945, falling to 6.7 times the lower earnings in 1949, rising to 15 in 1956-57, falling to 12 in 1958, and now up to 17 (with the dividend yield down to 3.2% from 4.7% within the year).

The shares of the seven largest steel companies are now selling at 10 times their projected 1959 earnings against a multiplier of 7 in 1957.

An Index of Emotion

Relating the *average* earnings covering a period of years to the fluctuating market price is particularly significant. The changes in this ratio manifest the investment community's emotional fluctuations—a kind of index of confidence. During the past 12-month interval the ratio of the market price to the 5-year average earnings on Barron's 50-Stock Average has increased to 17.5 from 12.7. The steel stocks' ratios of price to the average earnings have likewise risen from 1957.

Keeping Score of Past Performance

Consistent with these illogical fluctuations is the accompanying comment—by professionals as well as amateurs. It interprets the ratios via a sort of mere comparative score-keeping of different issues in the same period, or, historically, of the past performance of a particular issue — all without regard to their measurement value-wise.

Thus the need is evident for interpretation of an issue's market price-to-earnings relationship in terms of real investment value.

This does not imply the acceptance of any particular rule of thumb for calculating the multiplier figure. But the investor should with a hard-boiled attitude calculate the price which is necessary to give him an attractive return on his capital. The money-use of his capital and the risk elements should be compensated for in the buying price.

Fixing the Price Value-Wise

Various methods may be used for thus fixing the present worth of future dividends. This writer has favored specifically gearing the purchase price to the liklihood of recouping the invested principal with interest plus a profit increment, within a foreseeable interval. An advantageous buying price, in the case of non-growth companies, might be arrived at by capitalizing the expected long-term annual dividend receipts at a rate embodying the pure rental value of the capital to invest, plus an amount of annual reserve sufficient to amortize the investment during an interval fixed to accord with the estimated degree of risk.

Or the present worth of future earnings and dividends, and the multiplier, may be calculated by other and more elaborate formulas. Nicholas Molodovsky, customers' broker and analyst, whose work in this area has been arousing considerable public interest, gets his multiplier through a more complicated technique. As explained by him, he uses a general formula expressing the average relationship between growth rates of earnings trend lines, and dividend payouts during the period 1871 through 1955. This permits the computation of a theoretical dividend corresponding to the rate of growth of an earnings trend line.

The choice of the particular method used for the calculation of value is of secondary importance. The crucial need is for *realism* regarding the expectable investment return from the earnings ratio the multiplier, and the yield.

W. M. Giblin to Join Blyth & Co. as V.-P.

Walter M. Giblin will join Blyth & Co., Inc., 14 Wall Street, New York City, as Vice-President effective July 1, 1959, it is announced by Charles R. Blyth, Chairman of the nationwide investment firm. Mr. Giblin will make his headquarters in the New York office.


Walter M. Giblin

Mr. Giblin has been a partner and member of the executive committee of Hornblower & Weeks for many years. He is a director and member of the executive committee of The Norwich Pharmacal Co., a director and member of the executive committee of the Drilling & Exploration Co., Inc., and a director of the Sealright-Oswego Falls Corp. He is also Chairman of the Aviation Securities Committee of the Investment Bankers Association of America.

After leaving college, Mr. Giblin was active in the securities business in Chicago and came to New York in 1930. During World War II he served three years in the European Theater, the last two as Executive Officer and Deputy Commander of the OSS in that theater. He attained the rank of Colonel and was decorated with the Legion of Merit, Legion of Honor, and the Croix de Guerre with Palm. Since the end of World War II, he has devoted his time principally to corporate financing and the underwriting of corporate securities.

Coburn & Middlebrook To Be NYSE Member

HARTFORD, Conn.—John Porteous II, member of the New York Stock Exchange, will become a vice-president of Coburn & Middlebrook, Incorporated, 100 Trumbull Street, and the firm on June 4th will become members of the New York Stock Exchange.

Other officers are Robert B. Coburn, chairman of the board; Albert J. Middlebrook, Jr., president and treasurer; John J. Sokale, vice-president and secretary; Richard A. Whiting, and Arthur D. Noble, vice-president.

The State of Trade and Industry

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

The business upswing continues to progress nicely. It is now approximately one year of age, which means that it is still youthful by past standards. The 1954-57 expansion phase lasted 35 months, and the average length of all business expansions in the United States during the past century is 27 months. After stating the foregoing, the May issue of the Morgan Guaranty Trust Co. "Survey" continues as follows:

"There are a number of other reasons besides this comparative brevity for suspecting that the upturn is still in a rather early stage. The so-called leading indicators (such as new orders, average hours worked, and the percentage of companies reporting rising profits) are still performing strongly, while some of the lagging indicators (such as instalment credit and inventory holdings) are only beginning to participate in the upturn in a really important and generalized way. Moreover, the upswing continues to be very broadly diffused, showing little of the spottiness that is characteristic of latter-stage prosperity.

"It may be questioned whether it is still appropriate to refer to the upswing in general business as a 'recovery.' Virtually all key indicators have recovered their full recession losses and are now establishing new all-time highs. The Federal Reserve's index of industrial production, helped to some extent by greater than normal accumulation of steel inventories, pushed to a new record in March, following the lead set earlier by most other general measures. The employment situation still leaves something to be desired, but even here the horizon is brightening.

"Recent developments in housing, automobiles, and capital goods have been particularly encouraging. Private nonfarm housing starts, after easing off slightly in January and February, advanced in March to a seasonally adjusted annual rate of 1,390,000 units. This was the highest March total since 1950 and helped to allay developing fears that housing activity was beginning to be adversely affected by the advance of interest rates .

"The spring period has brought definite improvement to the automobile market, dispelling much of the disappointment produced by poor experience in January and February. Gains have not been spectacular, but with monthly sales moving up to the vicinity of 500,000 units, expectations have been revived for sales of at least 5½ million domestically produced cars this year. This improvement has justified the maintenance of higher production schedules than seemed probable a couple of months ago and has given a more balanced character to the general business advance.

"News has been getting progressively better in the capital-goods industry, which to date have made only a relatively modest contribution to the recovery movement. March witnessed increases in both new orders and shipments in the machine-tool business, rounding out a very encouraging first quarter. And publication of the results of McGraw-Hill's annual survey of investment plans provided still further confirmation that capital outlays are in a new phase of expansion.

"The McGraw-Hill survey points to a rise of 7% in spending in 1959 over that in 1958 and reveals that businessmen already have preliminary plans for slightly higher outlays in 1960 than in 1959. This latter finding is without precedent, marking the first time since the surveys were started that businessmen, at such an early date, have planned to increase outlays for a succeeding year above the level planned for the current year. Thus, the developing uptrend in capital goods has all the earmarks of being of relatively long duration. Even preliminary plans for 1961 and 1962 are only moderately below those for 1959-60. It is interesting, moreover, that the McGraw-Hill survey reveals that businessmen are channeling an exceptionally high proportion of total outlays into modernization projects, as distinct from expansion-type projects. This de-emphasis of expansion means that capacity will be rising less rapidly than in the 1955-57 boom. And this in turn suggests that the present upturn in capital goods could be longer-lived than its predecessor."

Nationwide Bank Clearings Up 14.7% from 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, May 23, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 14.0% above those of the corresponding week last year. Our preliminary totals stand at $25,170,301,278 against $22,072,333,741 for the same week in 1958. Our comparative summary for the principal money centers follows:

Week Ended May 23—	1959	1958	%
New York	$12,319,300,044	$11,000,937,943	+12.0
Chicago	1,320,055,311	1,129,190,849	+16.9
Philadelphia	1,161,000,000	1,001,000,000	+16.0
Boston	811,744,906	726,737,015	+11.7

Both Sides in Steel Dispute Continue Adamant

The steel labor negotiations news blackout at New York has cloaked the widest gap between management and labor in recent negotiating history, according to "The Iron Age," national metal-working weekly.

"Iron Age" adds: "It grows more bitter despite smiles for the benefit of the press."

Steel negotiators are putting the blocks to David J. McDonald, steel labor chief. The union, in turn, is threatening to use a divide-and-conquer strategy against the steel industry.

The steel management group has dropped a bombshell in Mr. McDonald's lap. It has argued that if he does not accept a wage freeze and existing contracts run out on June 30 without a new

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Outlook for Automobile Industry

By L. L. COLBERT*
President, Chrysler Corporation, Detroit, Mich.

Automotive head credits imports, in part, for helping to stimulate the industry. Mr. Colbert anticipates continuation of strong forces will bring about 6 million retailed cars in 1959 broken down into about 5.5 million American and the remainder foreign cars. In support of this forecast, Mr. Colbert states the spring upturn for the first time in many years is real—restoring the seasonal bulge.

From the Detroit point of view the outlook for the automobile industry in the second half of 1959 appears to be very favorable indeed.

L. L. Colbert

It might be wise to conclude my remarks right there — without getting any more specific. Making estimates about the future is difficult in any line of business, and I can safely say from personal experience that the automobile business is no exception.

In fact, the automobile industry has one characteristic that makes it one of the more difficult sectors of the economy to forecast. We sell a type of durable goods that is very important in the lives of most people. But it is so durable that our customers can postpone their purchases with no particular inconvenience if their personal views about the future or their financial circumstances are unfavorable at the moment. Confidence or lack of confidence in continued prosperity can have very important effects on our business. This is only one of many intangible factors that we must take into account in judging market trends—though it is probably the most important.

Because our business is so sensitive to the changing moods of the public, no two years in the automobile business are alike. Each year has its own peculiarities and problems. There doesn't seem to be any such thing as an "average" year, except perhaps in terms of the number of cars sold and produced. This being true, one approach to discussing second half prospects for the automobile industry is to talk about the kind of year we've been having up to now.

Welcome Change in 1959

The first thing to be said about the year 1959—as it has shaped up so far—is that it has been a very welcome change from 1958. In 1958 the entire industry sold only 4,650,000 new passenger cars at retail. This included 378,000 imports. Automobile sales in 1958 were at the lowest level they have been since 1952, when production was drastically limited by Korean War controls.

Nineteen Fifty-eight was a year of uncertainty for nearly everyone associated with or interested in our business—and that included the motoring public. With the general economy in recession during the earlier months of 1958, there was a mood of indecision among car buyers, and car purchases were postponed by the hundreds of thousands. But in 1959 the mood of uncertainty has pretty generally disappeared. Fears of continued recession have turned to confidence in continued economic growth.

With this change of mood has come a great improvement in the market for automobiles. Month after month, industry sales have shown steady increases. And in April, total retail deliveries of new passenger cars in the United States, including imports, amounted to an estimated 555,000 units—as compared with 394,000 in April of 1958. This was a 41% gain.

As I have indicated, the return of confidence among the buying public, which encouraged people to buy the cars they had put off buying because of a lack of confidence a year earlier, may be the strongest force working for improvement in the automobile business this year. But combined with this favorable factor are others closely related to it. Employment reached a record high level for April. Personal income, already at record levels, is continuing to rise. Savings deposits in banks and other savings institutions are at an all-time high. Ample credit is available for the purchase of consumer durables like cars—and no restrictions on the amount of that credit are anticipated. Beyond these factors, we in the automobile business have been happy to see used-car sales excellent and used-car prices holding up well.

Spring Upturn Looks Real

Here is another interesting characteristic of the year 1959 in our business. For the first time in many years there has been what looks like a real spring upturn in sales. We had begun to believe that the spring seasonal bulge in car sales had largely disappeared. But this year, owing in part, perhaps, to extremely bad winter weather in many parts of the country, the spring surge in car sales looks like a return to the older pattern. It is possible, of course, that what appears to be a seasonal spring upturn could be general recovery of the automobile business from the unfavorable conditions of 1958, and that sales will stay at or close to the level they have reached in recent weeks.

In response to the strong demand for cars, the industry-wide production of passenger cars in U. S. plants during the first four months of the year totaled 2,181,000. It is expected, on the basis of present production schedules, that production for the first six months of the year will reach 3,272,000. This would be a 46% increase over production during the first six months of 1958, when 2,244,000 cars were built.

As you know, it would not be logical to double the figure I have given on expected first-half production to arrive at expected total production for the year. In the automobile business, first-half production is nearly always larger than second-half production because of the need to prepare plants in the third quarter for the production of new models. Even so, the production total for the first half does point to a year that will be close to the volume trend of the late 1950's. In 1957, for instance, when the industry sold very close to six million new cars at retail, 3,373,000 cars were built during the first six months.

Sees 6 Million Sales This Year

With the kind of start we have had this year, and with no reason to expect a reversal of the generally favorable trends in the national economy, we are anticipating total new-car retail sales of approximately 5,500,000 American-built cars and between 450,000 and 500,000 imports. This adds up to an expectation that about six million new cars will be sold at retail in 1959. This statement is subject to the qualifications that must surround any forward estimate of this kind. Between now and the end of the year many things could happen to make that estimate look too low or too high. The possibility of an extended steel strike is only one of the contingencies that could affect our business.

I will say, however, that in our industry we have never experienced a year in which a retail market as good as the one we are having in the first half was followed by a poor market in the second half. The same factors that have been at work in the early months of the year should continue to have a favorable effect on our market in the second half.

In general, the year's developments in the sale and production of trucks have paralleled those I have outlined for passenger cars. In response to greatly improved retail sales, truck production for the first four months of 1959 totaled 423,000 units, as compared with 303,000 in the same period of 1958. This was a gain of 40%. It is expected that production of trucks for 1959 as a whole will be well over a million units, as compared with a total of 869,000 in 1958.

In talking about the kind of year 1959 is turning out to be for the automobile business, it is important to add that it is above all a year of active public interest in passenger cars and in the changes and rumors of change in the product. From our standpoint in Detroit this positive public interest in automobiles is all to the good. It is a pleasant relief from the generally negative atmosphere prevailing in 1958, and we feel it is bound to have a good effect on our business as the year proceeds.

Imports Are Helpful Stimulant

This atmosphere of positive interest in automobiles of all kinds may be due in part to the scores of imported cars now being sold in this country. During the first quarter of this year, imports accounted for over 9% of new passenger-car sales. More important than the actual market penetration achieved by these cars, however, is the fact that they may have helped to create new markets for the automotive industry. As a result of the increase in the imports, brands of cars are now available for purchase in this country than at any time since the early decades of the century. By widening the range of product availability and product specialization they have greatly stimulated public interest in automobiles of all kinds. And this new interest in the functions and characteristics of a wide range of cars can have highly beneficial results on the automobile industry.

The automobile industry has continued to show its traditional competitive vigor — domestically and internationally. It has continued to respond to the demands and needs of the motoring public. As we near the end of the Nineteen Fifties and look forward to the Nineteen Sixties we can expect an increasing use of the car as a liberating means of personal transportation, and a steady increase in the number of families who own two or more cars that meet their special needs and tastes.

I am confident that 1959 will turn out to be a very good year for our business, and that it will lay the foundation for even better year ahead.

*An address by Mr. Colbert before the 43rd Annual Meeting of the National Industrial Conference Board, New York City, May 21, 1959.

B. M. McFadden With North American Secs.

Brian M. McFadden has been appointed wholesale representative in the New York territory for North American Securities Co., underwriters and distributors of the Commonwealth group of mutual funds.

Brian M. McFadden

Mr. McFadden will serve the eastern and middle Atlantic states from his office at 44 Wall St., New York City. He came to North American Securities from the sales development department of Distributors Group, Inc. in New York City. He also served as a sales training consultant with the Walter Geier Co., a sales consulting firm.

Mr. McFadden is a native of Seattle, Wash., and is a graduate of the University of Washington. He lives in Morristown, N. J. with his wife and daughter.

Current Investment Opportunities In Puerto Rico

By TEODORO MOSCOSO*
Administrator, Economic Development Administration
San Juan, Puerto Rico

Puerto Rico's Economic Development Administrator ticks off currently growing investment opportunities in a score of different areas. He also briefly describes the direct and manifold indirect advantages of "base company technique" utilized in the strategically located island.

Widespread interest is now being shown in the possibilities for basing international operations in Puerto Rico. The base company technique offers advantages to American corporations as a device for accumulating the profits from foreign sales and investments free of both foreign and U. S. income taxes. This means that a corporation can at least double the amount of money which it has available to reinvest in overseas expansion. There is no U. S. tax until such time as profits are remitted from the base company to the parent company back home.

Teodoro Moscoso

Last year a major U. S. corporation which has a subsidiary in the Bahamas decided to centralize all of its overseas business in a base company in Puerto Rico which is a branch of the Venezuelan subsidiary. A ruling was obtained from the U. S. Treasury approving the operation, which insured that the U. S. would respect the identity of the foreign subsidiary and not tax the parent on the subsidiary's income. At the same time a ruling was obtained from the Puerto Rican Treasury Department confirming that under Puerto Rican law a foreign corporation is not taxable on its income from foreign sources.

By-Product Advantages

This company has now been operating in Puerto Rico for nine months and is delighted with its experience. It previously had conducted a small base company operation in a foreign location but it found that banking, cable, and air-travel facilities left much to be desired. Living costs for their executives were sky high in their previous location, and the clerical help available were unskilled. In Puerto Rico this picture has changed. The company has all the advantages of a foreign location, but it now operates with a familiar legal and monetary system. There are no exorbitant rents, no customs duties on American products in the stores, and no worries about such things as devaluation, expropriation, or civil disturbance. We believe Puerto Rico is well suited to serve as the "launching pad" for foreign operations particularly in Latin America, which by the end of this century will have a population twice as high as North America. Moreover, if by some chance a company is diffident about the use of a foreign charter, it may be possible within the near future for it to charter a Puerto Rican corporation and derive the same benefits. In this case, however, we shall probably ask a very nominal tax on the foreign source income in exchange for the privilege of chartering a base company under the American flag.

Brokers and Marketers Welcomed

Business and industrial services are in great and increasing demand. Our banks, large and growing, need to be supplemented by specialist financing agencies. Brokers and marketing specialists interested in representing Puerto Rican manufacturers will find enthusiastic partners among our island industries. There is a widening field for firms leasing industrial equipment to our manufacturers or for someone who will set up an equipment exchange. Recently, a factoring service established offices in San Juan to finance accounts receivable, especially among our many furniture makers. Specialists in financing inventories or raw materials or finished goods and other business institutions would encounter ample prospects.

Marketing opportunities are opening up rapidly and there are many of them in grocery chain operations as well as supermarketing. Our first supermarket opened barely six years ago; now 21 of these markets are accounting for 10% of grocery sales in Puerto Rico.

Our first full line grocery wholesaler started operations last year. Public warehousing, especially with cold storage, is urgently needed in our new Central Wholesale Marketing Area. Moreover, we are just beginning to develop full scale integrated shopping centers.

Other Opportunities

Our textile plants turn out millions of yards of grey goods, which are sent to the U. S. for finishing, but could be finished as profitably in Puerto Rico where huge quantities of finished textiles are needed—and now imported—to supply the large and highly skilled apparel trade.

Puerto Rico exports aluminum extrusions throughout the Caribbean. Our two oil refineries offer varied possibilities in the field of petro-chemicals, which are only beginning to be exploited by Union Carbide's nearly completed $32 million ethylene glycol plant on the south coast.

Even before the richest tuna fields in the world were discovered recently in the South Atlantic, Puerto Rico was becoming a major tuna packing center. And the juxtaposition of fish packing with Nebraska Mills' new flour and feed mill, assure good profit opportunities to soya bean processors.

Our industries, thus providing both raw materials and markets for each other, help make economic growth an accelerating process. But it is also true that we have basic resources in Puerto Rico which are just beginning to be tapped. Marble deposits have recently been exploited and some of our quarries are said to have enough high quality marble to keep a large cutting and polishing operation going for 500 years. Puerto Rico's sand and pure limestone are ideal for glass manufacture, and the opportunities for plate glass products represent unexplored profit prospects. Constantly growing U. S. demand for plate glass, for example, is now satisified only because of rapidly increasing, but costly, imports from Europe.

In addition, researchers are finding new uses to go along with those already developed for bagasse—a sugar leftover that has been found to be usable for wallboard and paper products. W. R. Grace will shortly open an $8.5 million plant exploiting bagasse uses.

Among those industries that we regard as prime new candidates for Puerto Rico both because of our resources and because of our transportation and labor cost situation: synthetic fibers, clocks and watches, clay refractories, glass fiber, tires, greeting cards, office machines, and flat glass. We already have truck and bus assembly and I personally think we may get automobiles, ship building, and aircraft.

*From a talk by Mr. Moscoso before the American Management Association, New York City.

CORRECTION

Dr. Gordon W. McKinley's forecast and projecton of the 1959-60 business outlook, in the May 21st issue of the "Chronicle," contained a typographical error. His projection of housing expenditures should have read: "will drop to $19 billion" and not $15 billion. —EDITOR.

United Secs. Adds

GREENSBORO, N. C.—Eleanor A. Burch has become affiliated with United Securities Company, Southeastern Building.

Outlook for the Economy and Mutual Savings Banks

By GROVER W. ENSLEY*
Executive Vice-President and Economist
National Association of Mutual Savings Banks, N. Y. City

Savings' economist thinks it unlikely general level of long-term interest rates and yields will decline in 1959. Moreover, he envisages by end of 1959 $485 billion GNP at an annual rate — with relatively stable prices — which should exceed $500 billion before 1960 is very old. Further, he foresees for mutual savings banks a savings-decline from all-time 1958 high but believes it will be higher than most other years. He describes 1958 as the industry's best year in 150 years.

Savings banking during the past year has operated in an economic climate characterized by remarkable changes and contrasts. From the severe business contraction in early 1958, the economy has bounced back to new all-time highs. This latest postwar recession, while the deepest, has also proven to be the shortest on record, and the pace of recovery among the most rapid. As recession gave way to recovery and the promise of new economic growth, unemployment still remained disquietingly high in some areas and some industries, reflecting increased productivity and an expanding labor force. Attempts to maximize employment, however, involve dangers of setting loose self-defeating inflationary forces, and bring into focus the prime economic challenge of the day. This is the achievement of that delicate economic balance necessary to permit a rate of growth appropriate for both relatively full employment and relative price stability. Whether such a balance can, indeed, be achieved, is a question being debated with increasing intensity in the highest levels of private and public life.

Grover W. Ensley

By encouraging personal thrift and providing funds for capital formation, the savings banking industry is contributing to the goal of economic growth with stability. On balance, 1958 was the best year in mutual savings banking history. The net gain in savings reached an all-time high of $2.3 billion, and assets grew by a record $2.6 billion. We have become a $38 billion industry.

This past year's record growth reflected noticeable shifts in savings bank investment policies. Most impressive was the rapid increase in net mortgage acquisitions to $2.1 billion, compared with $1.4 billion in 1957.

The success of the 1958 savings banking year is reflected also in increased earnings and in interest paid depositors. Earnings in 1958 are estimated at well over $1.4 billion. As in previous years, the savings banks paid out the bulk of their net earnings in interest to depositors—nearly $1 billion, and the average interest rate per account rose from 3.12% to 3.17%.

Looks Into 1959-1960

From all indications 1959 will be a year of both significant growth and relatively stable prices. If this expectation is realized, the national economy could be producing goods and services by the end of 1959 at an annual rate, seasonally adjusted, of over $485 billion. Before 1960 is very old, this rate should exceed $500 billion.

This record will not be achieved in a problem-free economy. On the contrary, potential trouble spots are suggested by uncomfortably high levels of common stock prices; by possible labor-management disputes in steel and other basic industries; by continued Treasury debt management difficulties and the possibility of further Federal deficits; by a worsening international competitive position; and by continued unemployment in many areas. These problems are a challenge to our free competitive system and to the realization of our full economic potential in the immediate years ahead.

As the nation's economy goes on to new high levels of achievement, savings banking will have new opportunities for growth and service. The moderate decline in the net inflow of savings to our banks during the early months of 1959, compared with a year ago, indicates that savings for 1959 may fall short of the 1958 all-time high, but will exceed most other preceding years. We should approach the $40 billion mark in total assets by year-end.

Sees Higher Interest Rate Level

The general level of long-term interest rates and yields has risen substantially since mid-1958 and is not likely to decline in the business expansion of 1959. In this setting, savings bank earnings on investments should average somewhat higher than in 1958. This should permit savings banks to continue their traditional policy of maintaining a strong surplus position for the protection of their depositors.

As savings banks grow in deposits and expand their investments in nation-wide capital markets, they are increasingly influenced by national developments — economic and political. It is in this area of national problems as they relate to savings banking, in particular, and the thrift industry, in general, that the National Association has concentrated much of its activities this past year.

*From a talk by Dr. Ensley before the 39th annual conference of the National Association of Mutual Savings Banks, Atlantic City, N. J., May 20, 1959.

Wm. R. Staats to Absorb Ellis Co.

LOS ANGELES, Calif.—William R. Staats & Co., 640 South Spring Street, members of the New York and Pacific Coast Stock Exch'ges, will absorb the investment firm of Kenneth Ellis & Co., Phoenix, Ariz., June 1, pending approval of the New York Stock Exchange.

Bache & Co. to Absorb W. C. Hardy

CHARLESTON, W. Va. — The investment business of Waller C. Hardy & Co. will be absorbed by Bache & Co. as of June 1. Frank A. Hardy and G. Herman Pierson will be Resident Managers of the new Bache office in the Kanawha Valley Building. Waller C. Hardy, Jr. will be Resident Manager of the new Bache Parkersburg office in the Chancellor Hotel Building.

Joins La Hue Inv. Co.

ST. PAUL, Minn. — Julius E. Burk has joined the staff of La Hue Investment Co., Pioneer Building.

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 in current **Foreign Letter.**

Canadian Bond Market — Review—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Canadian Steel—Analysis of Outlook—Ross Knowles & Co., Ltd., 25 Adelaide Street, W., Toronto, Ont., Canada.

Dynamics of Savings—Discussion in "Business in Brief"—The Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y. Also in the same issue are analyses of the **Housing** picture; Stock Market in perspective, and income and consumer markets.

Electronic Miniaturization—In current issue of "Science and Securities"—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also in the same publication are discussions of **Air Traffic Control, Fluorine,** and the **Drug Industry.**

Gold and the Capital Markets—Review—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

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

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

Life Insurance Company Stocks—7th annual edition of data on 22 selected companies—The First Boston Corporation, 15 Broad Street, New York 5, 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 the economy at the first quarter's end.

Oil Stocks—Analysis—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

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.

St. Lawrence Seaway—Survey of stocks which should benefit from the seaway—Thomson & McKinnon, 2 Broadway, New York 5, N. Y. Also available is an analysis of **Warner Bros. Pictures, Inc.**

Steel Stocks—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Treasure Chest in the Growing West—Booklet explaining industrial opportunities in the area served — Utah Power & Light Co., Dept. K, Box 899, Salt Lake City 10, Utah.

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American National Insurance Co.—Memorandum—Dallas Union Securities Co., Inc., Adolphus Tower, Dallas 2, Tex.

Black & Decker Manufacturing Co.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Century Geophysical Corporation—Review—Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

Citizens Life Insurance Co. of New York—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Iowa Illinois Gas & Electric Co.**

Clark Equipment—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **Universal Oil Products.**

Copperweld Steel Co.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 4, N. Y.

Eastman Kodak Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

General Motors Corporation—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of the **Prophet Co.** and **General Portland Cement.**

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

W. R. Grace & Co.—Report—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Home Insurance Co.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Jarrell-Ash Company—Analysis—Hancock Securities Corporation, 79 Pine Street, New York 5, N. Y.

Jefferson Electric Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

Pacific Finance Corporation—Report—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif. Also available are reports on **Bullock's Inc., Marquardt Corp.,** and **Signal Oil & Gas Company.**

Pepsi Cola United Bottlers—Analysis—Hill, Darlington & Co., Dept. L, 40 Wall Street, New York 5, N. Y.

Philadelphia & Reading Corporation—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Pullman Incorporated—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

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

Rexall Drug and Chemical Company—Analysis—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Richardson Co.—Memorandum—Chesley & Co., 105 South La Salle Street, Chicago 3, Ill.

Roadway Express, Inc. — Memorandum—Fulton Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

St. Regis Paper Co.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Southdown Sugars, Inc.—Memorandum—Howard, Weil, Labouisse, Friedrichs & Co., 222 Carondelet Street, New Orleans 12, La. Also available is a memorandum on **South Shore Oil & Development Co.**

Spur Oil Co. — Memorandum—Equitable Securities Corp., 2 Wall Street, New York 5, N. Y.

Standard Accident Insurance Company — Analysis—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Sulphur Exploration Company—Analysis—Carothers & Company, Inc., Mercantile Bank Building, Dallas 1, Tex.

Tennessee Corp. — Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Texas Illinois Natural Gas Pipeline Company—Review—Swift, Henke & Co., 135 South La Salle Street, Chicago 3, Ill.

Thomas & Betts Co.—Memorandum—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

Union Gas Company of Canada, Ltd. — Analysis — McLeod, Young, Weir & Company Limited, 50 King Street, West, Toronto, Ont., Canada.

NSTA Notes

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their 37th Summer Outing on June 12, 1959, at the Overbrook Country Club, Radnor Township, Pa. William Radetzky of New York Hanseatic Corp. is Chairman of the event, assisted by Herbert Beattie of H. A. Riecke & Co.

NATIONAL SECURITY TRADERS ASSOCIATION

Alfred Tisch, Fitzgerald & Company, Chairman of the National Advertising Committee of the National Security Traders Association, announces the appointment of additional members of the Advertising Committee:

Bond Club of Louisville: Jack A. Moss, The Kentucky Company, Fifth at Liberty, Louisville 2, Ky.

New Orleans Security Traders Association: Donald M. Willem, E. F. Hutton & Company, 233 Carondelet Street, New Orleans 12, La.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Annual Dinner of the Security Traders Association of New York Bowling League will be held June 4 at the Antlers, at 5:30 p.m. Reservations should be made with Sidney Jacobs, Sidney Jacobs Co.

G. J. Mullen Jr. V.-P. Of Trust Securities

BOSTON, Mass. — Ralph S. Henry, President, Trust Securities Corporation, 80 Federal Street, has announced the election of George J. Mullen, Jr. as Vice-President at the annual meeting.

Mr. Mullen joined Trust Securities Corporation in March, 1958 and was previously associated with the Second Bank-State Street Trust Company, Boston. In addition to his administrative duties, he will continue to have the prime responsibility for the distribution of the Trust's shares in New England.

COMING EVENTS

In Investment Field

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

June 5, 1959 (Chicago, Ill.)
Bond Club of Chicago annual field day at the Knollwood Club, Lake Forest, Illinois.

June 5, 1959 (New York City)
Bond Club of New York annual field day at the Sleepy Hollow Country Club, Scarborough, N. Y.

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, Rye, N.Y.

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 19, 1959 (New York City)
Investment Association of New York annual outing at the Tuxedo Club, Tuxedo Park, N. Y.

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

June 26, 1959 (Columbus, Ohio)
Columbus Stock & Bond Club outing at the Columbus Country Club.

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

June 26, 1959 (New York, N. Y.)
New York Society of Security Analysts, Inc. annual outing at Westchester Country Club, Rye, N. Y.

June 26, 1959 (Philadelphia, Pa.)
Investment Association of Philadelphia Spring Outing at Whitford Country Club, Whitford, Pa.

June 27, 1959 (Chicago, Ill.)
Chicago Traders Association summer outing at the Woodridge Country Club.

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

Oliver Weppner Joins S. D. Lunt & Co.

BUFFALO, N. Y.—S. D. Lunt & Co., Marine Trust Company Building, members of the New York Stock Exchange, announced that Oliver A. Weppner has become associated with the firm as a financial consultant to institutions and corporations. Mr. Weppner was formerly Senior Vice-President and Senior Loan Officer of The Marine Trust Company of Western New York.

Psychological Effect of Changes In U. S. Gold Reserves

By PAUL EINZIG

Foreign governments are counseled to cease redeeming U. S. dollars at expense of our gold reserves as a token of appreciation for aid extended and out of common sense. Dr. Einzig attributes the gold outflow to artificially stimulated dollar scare (not to the recent reversal in our export-import trade) and to our political decision to disregard foreign aid's effect upon our balance of payments. The London writer suggests two steps to offset psychological effect of any fall in our gold reserves below $20 billion; viz., adopt lower reserves ratio in preferableness to devaluation, and to make clear recourse will be made to IMF to protect the dollar against speculation resulting from exaggerated notion of gold outflow due to foreign aid.

LONDON, Eng.—The decline of the gold reserve of the United States continues at an abnormally high rate. The weekly announcements of further substantial declines are causing growing concern.

Paul Einzig

At the time of writing the reserve is still above the $20 billion mark, but at the present rate it would not take long before it would decline below that figure. And the psychological effect of the first announcement of the gold reserve being under $20 billion is likely to be considerable. There is also cause for concern about the probable psychological effect of the decline of the reserve by some $1 billion in connection with the increase of the resources of the International Monetary Fund in the near future. Even though that transaction will increase the amount of the American quota in the resources of the International Monetary Fund, most people would find it difficult to imagine an American application to the Fund for assistance. To do so is considered to be an admission of weakness which itself would produce adverse psychological reactions.

In reality there is no reason why the United States, like any other member country, should not make full use of the Fund's resources in face of a speculative attack against their currency. The Fund is supposed to exist primarily for reinforcing the defenses of currencies against unwarranted speculative attacks. Any pressure on the dollar due to anticipation of its devaluation comes well within the scope of this definition of the Fund's purpose, unless the pressure is due to fundamental disequilibrium.

Says Balance of Payments Is Sound

Much has been said in recent months about the deterioration of the American balance of payments, owing to the increase in the cost of production in the United States. Beyond doubt the wage spiral is in full operation there as in Britain, in spite of the extent of unemployment. American industries have been outpriced from some foreign markets, and have lost ground even in domestic markets. But then the perennial American export surpluses have been one of the major economic headaches of the world during the past 40 years. The absence of such surpluses is not by itself a major disaster, so long as the United States is in a position to balance their international accounts.

See Cause in Foreign Aid

At present the United States could easily balance their accounts simply by suspending foreign aid. Rightly or wrongly the Administration has decided against that solution, and foreign aid is to continue on a very substantial scale. But for this the United States would not be losing any gold as a result of the adverse change in the balance of payments; they would merely be gaining gold on a reduced scale. It is therefore quite unjustified to attribute the outflow of gold to the decline of exports and increase of imports. All that is happening is that the United States continue to spend on foreign aid without regard to the adverse change in the balance of payments. The net deficit in international accounts that is responsible for part of the gold outflow is not the result of the operation of economic forces but of a political decision to continue to spend on foreign aid.

Advises Recourse to IMF

The decline of the gold reserve is *not* therefore caused by any fundamental disequilibrium. If the International Monetary Fund were to be called upon to grant assistance to support the dollar, it would *not* be bolstering up an untenable position. There would be no justification for enlisting the Fund's resources for deferring an adjustment made necessary by a fundamental disequilibrium. But there would be every justification for taking that course in face of a speculative exaggeration of an outflow of gold due to American foreign aid.

It would go some way towards mitigating the unfavorable psychological effects of the loss of gold in connection with the U. S. contribution to the increase in the resources of the Fund if the United States Treasury were to make it quite clear that, if necessary, it would not hesitate to draw upon those resources, and if the International Monetary Fund were to make it quite clear that it would be willing to place its resources at the disposal of the United States. A public announcement to that effect before the American contribution actually causes a further loss of gold would be very helpful.

Prefers Lower Reserve Ratio

Another step that could usefully be taken by the United States authorities is an indication of their willingness to lower the reserve ratio if this should become necessary as a result of unduly heavy gold withdrawals. As things are many experts are inclined to believe that if continued gold outflow should reduce the gold reserve below the present statutory minimum, a devaluation of the dollar would become inevitable. There is nothing sacrosanct about the present statutory minimum, and its reduction would be an infinitely smaller evil than a devaluation. The mere fact that the American authorities would show their willingness to lower it should go some way towards discouraging devaluation talk.

Counsels Foreign Governments

Practically every government and Central Bank of the free world is under deep debt of gratitude to the United States. American assistance was granted since the war with an entirely unprecedented generosity. It is not too much to expect the treasuries and Central Banks of the free world to refrain now from doing anything that would aggravate the difficulties that the United States is liable to encounter if the gold outflow should continue at the present rate. This is not the moment for converting dollar reserves into gold reserves. It ought to be remembered that any conceivable losses that holders of dollar reserves are liable to suffer through a devaluation of the dollar would be a mere fraction of the amount of American assistance received since 1945. And apart altogether from any gratitude for past favors, the United States is likely to remain the main source of future assistance to the free world. All holders of dollar reserve may reasonably expect that future American aid would be far in excess of any conceivable potential losses they would suffer in the unlikely event of a dollar devaluation.

It is only reasonable to assume that the United States authorities and the American public will remember which countries have remained loyal in face of the present artificially stimulated dollar scare, and which countries are leaving what they wrongly consider to be the sinking ship. There is no cause for criticism so long a treasury or a Central Bank maintains the same proportion of dollars to gold as hitherto. But American opinion has every cause to resent any panicky conversion of dollars into gold.

Foreign treasuries and Central Banks could and should meet their gold requirements, not at the expense of the U. S. gold reserve, but out of new gold output available in the gold markets. It is essential to maintain and increase the amount of such free gold. From this point of view the prevention of gold smuggling into India is important. Likewise it is important not to enable the Soviet Union to reduce its gold exports by the granting of credits that would enable it to import without having to pay with the aid of gold sales.

Now is the time to show that the much hackneyed phrase of co-operation can be applied in two directions.

F. L. Salomon Partner

On June 1 Benjamin Marks will cease to be a limited partner and will become a general partner in F. L. Salomon & Co., 29 Broadway, New York City, members of the New York Stock Exchange.

Babies and Marriages Make Land Companies Attractive

By ROGER W. BABSON

Land companies as growth stocks receive Mr. Babson's highest honors. He prefers purchasing such issues to buying land directly, and suggests home owners place more money in land and less in a house when buying a home.

The best hedge against inflation should be good "land stocks," that is stocks of companies with large land holdings. The Federal Government can print all the Government Bonds and all the money it wishes. Any corporation can print more stock certificates when it so desires. But (and I say this reverently) only God can make more land. (This may be increased a total of perhaps 1/1000% by realtors who do so by pumping up sand from the adjoining water but this is not real land.)

Roger W. Babson

But, why do I advise buying stock of a land company instead of buying acreage in fee? The answer is very simple. If you yourself buy the acreage, you must pay the taxes and watch tne property personally. If, however, you buy the stock of a good company, the taxes are paid by the company and you have no details to watch. Furthermore, such listed land stock is easy to sell; while considerable red tape and looking up of titles are necessary if the property is in your own name. Hence, I prefer certain land stocks to acreage.

Relation to Population

Readers hear much about the business boom which is supposed to come in the 1960's due to the increased marriageable population. Although the birth rate is falling slightly, (it is now 24.5 per 1,000), and the marriage rate dropped last year to 8.3 per 1,000, and deaths in 1958 were only 1,674,000, yet those who are approaching marriageable age are constantly increasing due to the baby boom of 20 years ago. The investor is most interested in those who are reaching marriage age. The experts expect 5 million babies in 1960 and 6 million in 1965. The great majority of stocks are not directly affected by marriages; but the demand for houses and furnishings definitely increases as the marriage rate rises.

As more people retire on pensions, more attention is being given to the most healthful states—the Southeast including Florida, the Southwest including New Mexico, Colorado, and Arizona, together with parts of the Pacific Coast. Such states offer the climate for which older people are hungering. A dry climate, with normal variations of temperatures, is now recognized as giving the most relief to those suffering from bursitis, arthritis, and various forms of rheumatism. Therefore, a first requirement is that the land be in a state which can "guarantee" a long and healthful life. Personally, I like New Mexico or Arizona as health resorts, but all states are different and each has some advantages over the others. What climate is best for me, may be poison to you.

Freedom from Labor Troubles

Of all the stocks listed on the New York exchanges, the "land company" stocks are freest from labor troubles. Such companies employ very few people. In fact, I have heard of one land company, listed on the American Stock Exchange, which is said to have only three employees. Even those railroads like the Canadian Pacific, the Union Pacific, and the Northern Pacific, which have great land holdings, are practically free from strikes. Even during a strike on one of the railroads its land holdings are increasing in value.

Although much western land is now good only for grazing, yet the income from such land should expand with the national increase in babies. This grazing should pay taxes and other expenses. But the great gamble about any acreage is that **at any time** minerals such as uranium may be found, or fuels such as oils or gases, or other underground products. This especially applies to timber land, which is constantly becoming more valuable. Land companies which have not yet discovered their underground resources are not investments for income. But at any time discoveries may be made which could double the market prices of the stocks. The day a house is completed, it usually begins to deteriorate and the house becomes worthless, but the land should become worth more each year. Therefore, put more money into land and less into the house when buying a home.

Possibilities from Irrigation

Most cheap land today is awaiting irrigation. The fact that these sandy and barren lands have had so little rain during the centuries means that the vitamins and minerals are yet in the soils. They have not been drained into the oceans by the rains and brooks and rivers. Hence, when such virgin lands are irrigated they produce the most wonderful products. This is why the marvelous lettuce and other vegetables come from the former Mohave Desert of South Central California. This was considered only barren sand before it was irrigated. Many plans for further local irrigation are being made to adopt power from uranium, oil, or gas to be found on the property. I personally am most interested in water wells powered by gravity or perhaps by sun rays.

For Utah, Colorado, New Mexico, and Arizona a most spectacular project is the "Powers Plan" of bringing water from the Great Bear and Great Slave lakes of Northern Canada, southward to irrigate the above states. These millions of gallons per second are now flowing north and are wasted in the Arctic Ocean. Mr. John W. Powers, 401 Yorkshire Drive, Homewood, Alabama, has a plan to turn this water southward into the United States. If properly accomplished at a reasonable cost, it could make these states "blossom like a rose." But whatever may be accomplished by more irrigation and whatever happens to the stock market, so long as the marriage rate continues upward, productive land should constantly increase in value.

Form Diversified Secs.

BOSTON, Mass. — Diversified Securities, Inc. has been formed with offices at 80 Federal Street to engage in a securities business. Officers are Thomas R. Alcock, President and Treasurer; James W. Brown, Jr., Secretary; and Albert Edelson, clerk. Mr. Alcock is proprietor of T. R. Alcock & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

It is a tragedy to see a man of John Foster Dulles' vitality knocked down so suddenly. His activities as Secretary of State would have exhausted a younger man. He never seemed to tire.

Carlisle Bargeron

No Secretary of State was as available to the press as often as he was and saw them so often. Yet it would not be the truth to say that he was popular with them. He had an unfailing courtesy but the press took a delight in needling him. This was because, I think, that seemingly he always could outwit the press. He was so cocksure of himself and the reasonableness and justice of his cause. Maybe he could have got along better had he shown some temper occasionally.

He was a master of the English language and I think this, too, was an annoyance to the press. They are not accustomed to precise language. They use a language of hyperbole; at least it is not exact.

Dulles always used just proper shade to convey his meaning and when his detractors would try to say later he had said one thing he would produce the manuscript and prove them wrong. This was true with members of Congress.

He used to exasperate members of committees before whom he would appear. They used to think they had him nailed down on something he had said and he would prove every time that he had not said that at all.

It is a commentary on the American press that they always seemed more to be trying to catch Dulles in some mistake than they were in preserving the peace. The Russians were always outwitting us, they were way ahead of us in propaganda, so the press said. The fact remains that for more than six years Dulles maintained the peace.

But according to his Democratic critics, American prestige was never so low abroad as it was under Dulles. Over Europe signs were prevalent "Yanks go home," and in Latin America they spat at our Vice President, and threw rocks and eggs at him. Somehow or other Dulles was responsible for this.

The lesson we should learn from these incidents is that foreign nations are ungrateful. We forget that the same thing happened after World War I. Before this correspondent could get out of France after the First World War he had been subjected to so many indignities that he swore that never again would we enter a European war with his vote. We entered the Second World War, I might add, without my vote.

Foreign correspondents newly arrived in Washington are amazed at the way we criticize our State Department and Secretary of State. Before they are here long they fall into line and are criticizing him, too.

We like to tell jokes on officials, tell how they stumbled their feet on this matter and that. We never take up for our foreign offices as foreign correspondents do.

Foreign correspondents are invariably the agents or allies of their respective embassies. But our foreign correspondents are invariably critical of their embassy. In an issue between foreign and our diplomats, our correspondents lean towards the foreigner.

Dulles spent his more than six years in the State Department in this atmosphere and he must have spent many sleepless nights because of it.

Not only did he have to sell his policies to the foreign nations but his first problem, it seems, was to sell them at home.

I used to marvel at his endurance. Fly in one day from Korea say, stop at the airport and talk with his aides and then board a plane for Europe. I think the old man was running away from old age, which would make it all the more tragic that he was knocked down when just past the allotted three score and ten.

Louis C. McClure Opens Own Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—Louis C. McClure & Co. has been formed with offices at 501 Washington St. to engage in a securities business. Officers are Louis C. McClure, Pres.; G. C. McClure, Vice-Pres.; and Dorothy I. Ward, Secy.-Treasurer. Mr. McClure, who has been in the investment business in Florida for many years has recently been Vice-President of Pierce, Carrison, Wulbern, Inc.

Louis C. McClure

Form Warner, Jennings Mandel & Longstreth

PHILADELPHIA, Pa.—Warner, Jennings, Mandel & Longstreth, members of the New York Stock Exchange, will be formed as of June 4th with offices at 121 South Broad Street. A branch will be maintained in New York City at 111 Broadway.

Partners of the new firm will be David Warner, John E. Jennings, Herman N. Liberman, Jr., members of the New York Stock Exchange, Raymond Mandel, Martin L. Longstreth, and Fred Bacher, general partners, and Martin Levin and Alan Sagner, limited partners.

Mr. Liberman is a partner in Herman N. Liberman, Jr. & Co. of New York which will be dissolved June 3rd. Mr. Jennings was formerly with Reynolds & Co.

Horner Barksdale Co. Formed in Lynchburg

LYNCHBURG., Va. — Horner, Barksdale & Co. has been formed with offices in the First Colony Life Building to act as underwriters, distributors and dealers in general market state and municipal bonds.

Officers are Edwin B. Horner, Jr., President, and William R. Barksdale, 3rd, Secretary and Treasurer. Both were formerly with Francis I. du Pont & Co. in Lynchburg, and prior thereto with Scott, Horner & Mason, Inc.

Livingston, Williams Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Doris E. Noble has been added to the staff of Livingston, Williams & Co., Inc., Hanna Building.

Outlook for Money and Banking

By GEORGE CHAMPION*

President, The Chase Manhattan Bank, New York City

Refusing to lift the money and banking outlook out of context, N. Y. banker considers it within the overriding problem of the economy's potential for inflation. Mr. Champion's finding of a tight money market ahead, which may get tighter, is supported by diverse array of evidence culminating in the observation that continued inflation—supported by overly rapid increases in bank credit and deposits—saps even our international economic position. The banker sees need for Congress to lift current 4½% ceiling for new government issues and expects stronger monetary restraints later this year. Whether the interest rate and yield level is high enough to equal supply of and demand for savings is said to depend on events in steel and governmental budget.

Perhaps it is only typical of the special viewpoint of a banker, but it has always seemed to me that the financial markets are subject to more varied, complex, and intangible influences than any other sector of the economy!

George Champion

One source of difficulty is the fact that flows of funds and interest rates are influenced not only by the current state of business, but also by our expectations. Interest rates, by their very nature, are a link to the future. They cannot fail to reflect our hopes and fears for tomorrow, or next month, or next year. That lesson was driven home to all of us by the violent fluctuations in the bond market late in 1957 and during the Summer of 1958.

For that reason, it seems to me that the outlook for money and banking can't be considered apart from the overriding problem before our whole economy—the potential for inflation. More than one sign has appeared that expectations of continued increases in prices are permeating investor thinking and market psychology. The action of the stock market over recent months could, I suppose, be interpreted in that light. And it may not be without significance that some fringe investment areas—farm real estate, and even works of art—are experiencing a boom of their own, apparently in anticipation of increases in the general price level years ahead.

Closer to my topic, concern with inflation may provide a good part of the explanation for the collapse of the bond market last summer, and the further rate increases in more recent months. Already, yields on intermediate and long-term governments, running up to 4.40%, have moved well past the highs reached at the crest of the boom in 1957. Last week a prime corporate issue was sold at 4.95%—as high as at any time since the early 1930s. This despite the fact that capital spending is only moderately above its recession lows, and the economy is still operating below capacity.

Steel Test

One of the major tests of the ability of the economy to move ahead without inflation is now upon us. I refer, of course, to the negotiations in the steel industry. Others are in a better position than I to assess the outcome of the bargaining process. Suffice it to say that the final settlement, for better or worse, will have implications for the price of money, as well as the price of goods.

An equally vital set of decisions revolves about the Federal budget. I personally am hopeful that, with receipts buoyed by the business recovery, reasonable restraints on spending may result in a balanced budget in fiscal 1960. Unfortunately, we can not take this for granted, and much more can be done in that area. Moreover, it can be done without in any way weakening our national security.

If we persist in running a deficit as business activity reaches new records, the Treasury's financing task will remain extremely difficult, with repercussions throughout the credit markets. But even without a deficit, there are likely to be continuing problems in finding a permanent home for the Treasury securities. The Treasury's new money requirements over the remainder of 1959 may be on the order of $7 billion. True, that will largely reflect seasonal factors. But, "seasonal factors" provide no magic passport to willing buyers, particularly when private investment needs are mounting.

Thus far, the Treasury has managed to finance the great bulk of its deficit outside the banking system, primarily with corporations. The rapid recovery in profits and rising depreciation allowances made that possible—but far from easy. The recent performance of the market and the level of rates testify to that! Moreover, the Treasury was forced into heavy reliance on short-term securities. Those birds are coming home to roost in the form of an almost constant refunding problem—greatly complicating the task of raising new money.

No Shortage of Investments

I wish that I could foresee a clear prospect for pushing a really significant amount of that short debt into longer maturities, as the Treasury itself so ardently desires. But continuing heavy competition from other borrowers limits the possibilities. In particular, the spurt in home building is already generating a huge volume of new mortgages, and state and local borrowings appear headed for new records. At the same time, further slackening in the pace of corporate offerings, as happened in the first quarter of this year, seems hardly likely. In consequence, institutional investors face no shortage of high-yielding investment outlets, and, unless there is considerably greater confidence in the stability of the dollar, few investors will be looking to squeeze additional Treasury bonds into their portfolios. In fact, current markets clearly indicate that, if the Treasury is to compete in the long-term market at all, it will have to ask Congress to lift the current 4¼% ceiling for new issues.

Current prospects in the short-term area are little more inviting. Corporations are likely to be in a position to absorb some additional Treasury debt over the rest of the year. But appetites may become jaded as inventory accumulation and rising capital outlays absorb more of their retained earnings. Aside from possible foreign buying, other sources of non-bank demand are limited. But to rely upon the commercial banking system as residual buyers would serve to court the danger of further inflation, already at the root of the Treasury's difficulties.

Business Loans

Over the past two months there have been clear signs that demands for business loans are picking up, although New York banks have not yet felt the full effects. It is true that some of that borrowing may reflect temporary buildups of steel or other metals inventories. But this would be a most unusual business expansion if banks did not find their loan demands rising over the remainder of the year, even though the increase might fall short of the figure reached in 1955 or 1956. And, in assessing the position of the banking system, it is important to remember that business loans held up amazingly well during the recession months—declining by only 1% during all of 1958.

Moreover, banks in many sections of the country have been experiencing near-record demands for mortgage money, and consumer lending has picked up sharply. The net result has been a rise of $7.6 billion, or 8% in total loans in the past year. Loan deposit ratios are back to 57% for the reporting banks, only 3% below the postwar peak in 1957. By way of contrast, the ratio was only 48% in mid-1955, at a comparable stage of the business cycle.

Slowed Savings Growth

The capacity of banks to meet further loan demands, and to buy Treasury securities as well, has been limited by a noticeable slowing in the growth in savings deposits, a trend felt by savings banks as well. Apparently savers are turning toward other investment media—the stock market and new homes—as the business expansion proceeds. And the higher market rates on short-term paper are diverting potential foreign or other time deposits from the banks.

At the same time, the Federal Reserve has been restraining the growth in demand deposits, which enter directly into the active money supply of the country. Recent developments in that connection are not so favorable. The money supply has spurted higher since February, rising by $2.4 billion over the past three months. That is equivalent to an increase at an annual rate of 7%.

The monetary authorities have reacted—quite properly—by keeping a tighter rein on bank reserves. With loan demands rising, and with business activity reaching new peaks, I think it likely that even stronger restraints may be necessary later in the year. The Federal Reserve leaders have demonstrated already that they are alert to the dangers for our domestic economy of any potential increase in "inflationary tinder," brought about by excessive increases in bank credit. Moreover, they can hardly ignore the possible repercussions on our international position. This country, for the first time in many years, must face up to some of the inevitable penalties of unsound policies on our competitive position—problems that other countries have been struggling with for years. The $2.2 billion outflow of gold last year was a sign to all the world that our international balance of payments was not all that it should be. In recent weeks, the outflow has resumed.

Our export industries are facing tougher competition from abroad, not only because of price increases for our products, but because the know-how and productive facilities abroad have increased enormously in recent years. The European common market, the heavy rate of investment in many foreign countries, and the improved supply situation in many raw materials—these all promise to make foreign competition—based on a much lower wage structure—a continuing, and serious, problem. The very theme chosen for these meetings emphasizes how tough such competition has become!

Saps Our Gold Supply

Our current international position is still a strong one. The $20 billion of gold in the Treasury's vaults—half of the free world's supply—testifies to that. But that position is not invulnerable, and continued inflation — supported by overly rapid increases in bank credit and deposits—would sap at its vitals. Let me say here that I am confident that we can and will meet that threat. But it can't be done without facing up to painful decisions on monetary, fiscal, and debt management policies.

To sum up, until the problem of inflation is completely licked, banks are faced with the prospect of a squeeze from rising loan demands and restrictive Federal Reserve policies. That means that the Treasury is likely to continue to find unreceptive markets, and borrowers of all kinds may find higher rates. The bond markets have already been discounting these pressures. But only the decisions in the steel industry and on the budget can tell us whether bond yields have yet reached a level adequate to balance the supplies of funds against the prospective demands of an expanding economy.

This is a tight money market—and it may get tighter.

*An address by Mr. Champion before the 43rd annual meeting of the National Industrial Conference Board, New York City, May 21, 1959.

Schwabacher & Co. Celebrating 40 Years

SAN FRANCISCO, Calif.—Schwabacher & Co., 100 Montgomery Street, member of the New York and Pacific Coast Stock Exchanges, and other leading exchanges, is celebrating the 40th anniversary of its founding in 1919.

A. E. Schwabacher

Partners in the firm are Albert E. Schwabacher, Edward Hellman Heller, Herbert I. Dunn, Joseph Hauck, Edward H. Robinson, Harold P. Schlemmer, Albert E. Schwabacher, Jr., Frank Bowyer, James W. Shoemaker, James F. Rafferty, Clarence E. Heller, Jacob G. Schurman III, John Davison and Stanley E. Simons.

The firm in addition to seven branches in California has offices in New York City and Salt Lake City.

Our Population Revolution and Long-Term Demand for Housing

By DR. PHILIP M. HAUSER*
Director, Population Research and Training Center
and
Head, Department of Sociology, University of Chicago
Chicago, Illinois

Population expert foresees a resurgent national population growth of 231 to 273 million by 1980. A breakdown of this projection includes an increase in households from 43.6 million in 1950 to a range between 69 and 75 million. The implication drawn is that it will sharply increase the demand for housing and constitute a major factor for expansion of the economy. The writer adds that two-thirds of the population—viz. 165 million—will reside in a relatively small number of great standard metropolitan areas which, in turn, will be decentralized from central city populations and possess 60% of the metropolitan population. Further, he stresses the changing age distribution in the aggregate population.

The long-term demand for housing continues as in the past, to be greatly affected by population changes. Changes in the size and composition of population affects housing demand both in direct and indirect ways. Indirectly the demand for housing will be influenced by the extent to which population factors affect the level of total economic activity. Directly, the demand for housing will be affected by our resurgent national population growth, by the metropolitan area "explosion," by the decentralization of population within metropolitan areas, and by the changing structure of metropolitan areas.


Prof. P. M. Hauser

Indirect Effects on Demand for Housing

The rapid increase in population has been a major factor in the postwar level of economic activity. The postwar, cold war climate has produced a boom in marriage rates and birth rates so as to bring about a great resurgence in the rate of national population growth. In a little more than one human generation, between 1950 and 1980, the American economy must be geared for an expansion of from 54% to 80% in the size of the consumer market. Most of this increase lies ahead of us. In the period between 1958 and 1980, 22 years, facilities must be increased to provide goods and services for an increment of from 32 to 50% increase in the population of the United States. By 1980 the total population of the United States will reach a level, at a lower limit of perhaps 231 million, and at an upper limit, a total of 273 million.

With our resurgent national population growth an important factor in economic expansion, there is every indication that Gross National Product, in keeping with long time trends of productivity and investment, will double over the same period. The McGraw-Hill projections indicate a Gross National Product of $835 billion by 1975 (in constant 1957 dollars) and an increase of about 40% in personal income after taxes.

The demand for housing will, then, be dramatically influenced by the resurgent national population growth and economic expansion which lies ahead. In the single decade between 1950 and 1960 the population of the United States has increased by a number equivalent to that of the entire population of Turkey, Spain or Mexico. Between 1950 and 1980 the American market, populationwise, will increase at the lower limit by a population as large as all of Japan; and, at the upper limit, by a population as large as all of Japan and of the United Kingdom combined.

Direct Effects on Housing

Changes in the number of households over time is among the more important of the population changes directly effecting the demand for housing. The rate of household formation is in some measure independent of the rate of total population increase. Net household formation is, of course, the net effect of new households being formed through marriage and the breakup of the "large family" system; and the old household being dissolved through death, divorce and separation.

In 1950, there were some 43.6 million households in the United States. Between 1946 and 1956, under the impact of demobilization after the war and postwar high level economic activity, the number of households in the United States increased by about 11 million, twice as many as in any other 10-year period in the history of the United States. Net household formation between 1947 and 1950 averaged over 1.5 million per year.

Between 1950 and 1955, however, net household formation decreased to an average of a little over 800,000 per year. Such a decrease had, of course, significant consequences for all sectors of the economy, and especially those dependent on the household rather than the individual as a consumer unit; such as the home construction and the automotive industries, and, indeed, all industries producing consumer durable goods designed for household use. The great decline in net household formation was mainly the result of the changing age structure, resulting from the depressed birth rate of the 1930s. It was primarily the result of the decrease in the number of persons reaching marriageable age.

Net household formation increased somewhat between 1955 and 1958 to a level of about 900,000 per year. Projections of the Bureau of the Census, however, indicate that it is possible that further decreases in net household formation may occur between 1960 and 1965. Under assumptions producing a low projection, it is possible that net household formation may drop to about 643,000 per year for the period 1960 to 1965; under assumptions producing high projections it is, also, possible that it may exceed a million per year.

Increase by 1965

By 1965, it is almost certain that net household formation will increase because, by that date, the postwar babies will begin to reach marriageable age. Between 1965 and 1970, net household formation may vary from 850,000 to over a million per year. Reflecting the continued impact of the postwar birth rate boom, net household formation will reach levels of from 1 million to over 1.2 million per year between 1970 and 1975; between 1 million and 1.3 million per year between 1975 and 1980.

The Bureau of the Census has also made projections of householders, between 1958 and 1965, by age of head. This is a significant differentiation for market purposes, because the nature of purchases of households with heads under 25, and with heads 55 years of age and over, respectively, is of a different character than of households with heads from 25 to 54 years of age. Particularly is this true for major purchases such as that represented by a residence.

By reason of the changing age structure, households with heads in these varying ages will change at greatly differing rates during the 7 years from 1958 to 1965. For example, while all households in the United States may increase by from 8 to 14% during this period, households with heads under 25 years of age will increase by from 36 to 67%. During this same interval households with heads 55 years of age and over, will increase by from 15 to 20%. While these relatively large increases occur for households with younger and older heads, respectively, households with heads 25 to 54 years of age will increase by only 3 to 7%. To the extent that households headed by persons in these various age groups differ in their requirements for goods and services, varying sectors of the economy will obviously be differentially affected in the coming years.

Age Distribution

It should also be pointed out, however, that although the younger households will increase the most rapidly percentage-wise, they will constitute a relatively small number numerically. Between 1958 and 1965, households with heads under 25 years of age, may increase by from 900,000 to 1.6 million, while households with heads 55 years of age and over may increase by from 2.5 millions to 3.3 million. Households with heads 25 to 54 years of age, will, during the same 7 year period, increase by from 800,000 to 2.2 million units. The changing age structures, then will necessitate varying types of adjustments by business as indicated in the differences in rates of growth, on the one hand, and the actual size of the household market on the other.

Between 1950 and 1980, households in the United States may increase by from 25 to 32 millions, that is from a level of 43.6 million in 1950 to from 69 to 76 million by 1980. Sectors of the economy geared primarily to households as consumer units may anticipate then, over this 30-year period, an increase of from 58 to 72% in their consumer markets. Moreover, most of this increase still lies ahead. Between 1958 and 1980 households in the United States may increase from 19 to 26 million over the 1958 level of 55 million households. That is, between 1958 and 1980, households in the United States may be expected to increase by from 38 to 52%.

Changes in the distribution of the population of the United States, especially in respect to concentration in Standard Metropolitan Areas and decentralization within them, will also greatly influence the demand for housing.

Metropolitan Population Centers

As a result of continued technological development, it may be anticipated, that we shall continue to experience increased concentration of population in a relatively small number of great Standard Metropolitan Areas. By 1980, it is possible that two-thirds or more of the total population will be resident in some 200 Standard Metropolitan Areas. By 1980, metropolitan areas may contain 165 million persons. They will, therefore, almost double in population in the 30-year period. Most of the population increase in our Standard Metropolitan Areas will take place in the suburban rings, rather than in the central cities. Suburban rings will increase by 180%, that is, they will almost triple, while central cities increase by 30%. Most of the increase in suburban rings is likely to go into what is now exurbia or interurbia, that is the open country, unincorporated part of metropolitan rings. By 1980, it is likely that at least 60% of the population in Standard Metropolitan Areas will be resident in the suburbs, only 40% in central cities.

The increased concentration of population into Standard Metropolitan Areas, and the increased decentralization of population within them will be accompanied, undoubtedly, by great structural changes. In a new cycle of metropolitan area development with which we are confronted, it is likely that present and historical patterns of population stratification resulting in the lower income groups living in inner and older zones of the city while higher income groups live in outlying newer and more desirable locations, will be greatly modified. As a result of various forces, it is likely that the metropolitan area of the next generation will be much more heterogeneous in respect to residential land use than is the case at present. Good and bad neighborhoods are likely to be distributed throughout metropolitan areas—in the inner zones of the city, throughout the city, and in the suburbs.

Concluding Observations

The magnitude and character of population changes in prospect point to an era of great economic growth. Both the size of the population and income per capita, may be expected to increase and to be reflected by 1980, in a Gross National Product double that of the present.

Between 1950 and 1980, households in the United States may increase by from 25 to 32 millions, that is from a level of 43.6 millions in 1950, to from 69 to 76 millions by 1980. All other things being equal then, the demand for housing units may increase by from 58 to 72% in this 30-year period. Most of this increase still remains to be achieved. Between 1958 and 1980 an increase of from 19 to 26 million households may be anticipated, or an increase of from 38 to 52%. In the light of such increases in the number of households, the McGraw-Hill projections of an average of 1.7 million housing starts or more in the 1970s seems well within reach.

It may be expected that between 1950 and 1980 the population of the United States will become increasingly concentrated in a relatively small number of great Standard Metropolitan Areas. Some two-thirds of the total population, or 165 million persons, may be resident in over 200 such areas. Moreover, within Standard Metropolitan Areas population will become increasingly decentralized, so that by 1930 suburban populations, with 60% of the total metropolitan area population, may greatly outnumber central city populations.

Our great postwar economic expansion is in large measure attributable to the superimposition on a high level civilian economy of a partially mobilized cold-war economy, in response to national security needs. In the decades which lie ahead the American economy must continue to expand, both to meet in increased demand of our rapidly growing population and to assure national security. In this expansion it may be confidently expected that the demand for housing and construction activity will have a prominent role.

*From an address by Dr. Hauser before the 39th Annual Conference of the National Association of Mutual Savings Banks, Atlantic City, N. J., May 18, 1959.

Harris, Upham Co. To Admit McGreevy

Harris, Upham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on June 4th will admit Thomas J. McGreevy to partnership.

Chas. Lennihan With Wilson, Johnson & Higgins

(Special to THE FINANCIAL CHRONICLE)

Charles J. Lennihan III has become associated with Wilson, Johnson & Higgins, 300 Montgomery St., members of the Pacific Coast Stock Exchange. Mr. Lennihan was formerly Vice President of Scott, Bancroft & Co.

International Inv. Branch

CORAL GABLES, Fla.—International Investments Inc. has opened a branch office at 287 Sevilla Avenue under the direction of Oliver A. Reed, Jr.

Municipal Bonds for Individual Investors

By DR. IRA U. COBLEIGH

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

Setting down some of the valid reasons for individual purchase of quality municipal bonds, particularly at this time.

Not everyone today believes that the Dow-Jones Industrial Average is headed for 800. Some seasoned hands in the market remember that, historically, whenever the price/earnings ratio of the Dow-Jones Industrial list ascended above 20 times the stock market has been "a sale," and bonds became "a purchase." Even forgetting history, there are many folks today, who having watched their stocks move to unaccustomed heights, now feel that "cashing in" and "salting away profits" is the course of prudence. Take the case of one seven figure habitué of the market. Eighteen months he asked his broker to submit a list of "growth" stocks; six months ago he requested a list of "convertibles"; and on May 15 requested a list of tax-exempt municipals. He's run the gamut from speculation for the rise, to a straddle or hedged position in "converts"; and finally to the point where he wants to nail down a sizable section of his enhanced capital in prime municipals delivering, in his bracket, a most attractive assured and tax-exempt income.

Ira U. Cobleigh

The reasoning of this sophisticated investor has much to recommend it. The stock market is at an all-time high; yet gilt municipals yield their highest returns in a quarter century; and the tax-exempt feature is a golden boon to the well-heeled. For example, a single person with annual income ranging between $26,000 and $32,000 is in the 62% bracket; which means that a 4% yield on a Federal tax-exempt municipal is equal to a 10.53% yield on a taxable security (either a stock or bond). If this single person's annual income doubles, moving him into the $50,000-$60,000 annual income group, he winds up in a 75% tax bracket and must find a yield of at least 16% on a taxable security to equal a 4% yield on a tax exempt bond. The brackets are of course less onerous for married couples making a joint return, but, in general, almost any one today making above $20,000 a year is in an area where he may find it advantageous, for net income purposes, to consider ownership of tax exempt bonds.

Which brings up the subject of bond selections. Municipals are not well known to the average investor and the fact that most of them (the bonds, not the investors) are quoted on a "yield basis" instead of a price per bond (a percentage of its par value) confuses the less sophisticated. True, many government issues, some City of New York issues, and many public authority and toll road bonds are quoted, and traded, in dollar prices but the great volume of municipal bond business is done on a yield basis.

Another variation in municipal bonds is the extent of tax exemption. When a bond is "tax exempt" the term usually means exempt from Federal income tax. Many issues are, however, completely tax exempt, not only from Federal but state taxes as well. Only one direct U. S. Government obligation enjoys this complete tax exemption, the U. S. Panama Canal 3s of 1961. Obligations of Puerto Rico and territorial obligations issued by the now States of Alaska and Hawaii enjoy this total exemption. As an example of a popular issue in this category consider Puerto Rico Water Resources Authority Electric Revenue bonds. You have a broad selection of coupon rates and maturities here. Maturities run from Jan. 1, 1961 to Jan. 1, 1996. Coupon rates range from 2½% to 4.60%. The shortest maturity, 1961, is priced to yield about 3.25% while the bonds from 1963 on, yield variously from 4% to 4.40%, fully tax exempt.

Experienced municipal bond buyers set great store on ratings. The two rating services used are Moody's and Standard & Poor's with perhaps more frequent consideration given to Moody's possibly because it's been issuing its ratings longer. The highest rating is AAA and Moody gives this to government issues and to certain selected states. The direct obligations of New York City, Philadelphia and Chicago are accorded a single "A" rating. This rating is a quite sophisticated business, cataloging each issue in accordance with certain traditional standards of quality based on extent of debt, taxing power, etc.

A type of Federal tax exempt bond that has become very popular is the one created to finance Federal housing projects. The issues are called New Housing Authority Bonds. They are choice securities bearing a triple A rating which derives from their status as indirect obligations of the United States Government. The bonds of each issue are secured by a first pledge of annual contribution, unconditionally payable, pursuant to an annual contribution contract between the Public Housing Administration and the Local Public Agency issuing said Bonds. The said annual contributions paid to the Local Public Authority together with other funds of the Local Public agency, will be sufficient to pay principal of, and interest on, the Bonds when due. The faith of the United States is pledged to the payment of these specified annual contributions by the Public Housing Administration. This is all legal jargon to say that Uncle Sam is co-maker on the Bonds which are financing a whole batch of individual housing projects in many states. Long-term bonds, with Federal tax exempt yields of as high as 3.90%, are available in the later maturities. There was a new issue of these housing bonds brought out just this week. The high rating and the high yield make them most attractive, if your bracket can use them.

Another way of achieving total tax exemption in your bond investments is by buying the bonds of the State (or of a political subdivision, agency or authority therein), in which you live. For instance, if you are a resident of New York State you can buy the bonds of the Power Authority of the State of New York and obtain complete income tax exemption. $200 million of these were offered on April 22, 1959 to finance, in part, the hydro-electric facility related to the St. Lawrence Seaway. $40 million of the bonds were issued with serial maturities from 1965 through 1979; and $160 million of bonds bearing a 4.20% coupon were issued to mature Jan. 1, 2006. These longest term bonds may be bought now at around 99, pinning down a completely tax exempt income of a bit over 4.20% annually for the next 46 years. This is a wonderful yield now and quite desirable as a hedge against possible increase in income taxes — either state or Federal—in coming years. Moreover, because there are $160 million bonds in this single maturity, a much broader market may be expected in this issue than found in most municipal issues with 15 or 20 serial maturities.

The highest rated municipals are usually "direct obligations" where the full faith and credit of the city, state or political subdivision, are pledged to the payment of principal and interest. There are hundreds, however, of special revenue or special purpose bonds, such as school, sewer, park and water obligations bonds. This is all very well so long as the people pay the tax. In a dire depression, however, they might not be able to do so.

New York State, incidentally, does not leave a school district in the lurch if it gets into a financial difficulty. Chapter 716 of the Laws of 1959 authorizes the State Comptroller, in the case of a default, to apply State aid to which the defaulting district is entitled, to the payment of the debt. No other state has so explicitly defined the protection that, if necessary, it will extend to school districts; and on the record "no bondholder ever lost a penny through default on any bond issued by a New York State School district." A typical issue was offered May 21—$2,200,000 Central School District No. 2 (in Orange County, New York) 3.90% bonds offered to yield 4% on the maturities from 1984/88. Moody rates this issue "BAA"; and Standard & Poor's, "A." Oyster Bay, N. Y. School District bonds, similarly rated, were also recently offered to yield 4% in long maturities. These new school issues not only of New York, of many states come to the market often. They are usually quickly sold and seldom trade extensively after the original offering and investment placement.

We wish we had had time to cover the municipal list more thoroughly, including some of the higher yielding toll road bonds as well as the more traditional municipals. The points we wanted to stress, however, were the high yields now available, the usefulness of these yields as a defense against high-bracket taxation, and the general high quality of municipal obligations. Most of the larger investment and brokerage houses and many commercial banks and trust companies have municipal departments supplying regular offering lists, and there are a number of renowned firms in many cities that specialize, some of them exclusively, in municipals.

A Critical Appraisal Of Mortgage Banking

By WALTER C. NELSON*
President, Mortgage Bankers Association of America
President, Eberhardt Company, Minneapolis, Minn.

Mortgage banking spokesman's criticism and praise of the mortgage industry is accompanied by an optimistic forecast of 1,300,000 housing starts this year and by a satisfactory opinion regarding the long-term outlook. Mr. Nelson cautions the industry that the favorable abnormal forces may not always exist; disapproves of housing and other legislation that sacrifices the national objective in the fight against inflation for narrower considerations; offers introspective concern as to ratio of capital to mortgage credit; and provides numerous suggestions so that the industry can continue its good work now that it is no longer a child.

Events of the recent past have caught up with us more than some of us realize. No industry has ever developed so fast in such a short period of time as has our own during the past quarter century. No other has experienced such a profound change in concept and method of operation. No other, I modestly suggest, has been able to offer so much more to those it serves than we have been able to do in this past quarter century. Some of the increased benefits have resulted from our own efforts and some have been the result of the times in which we have lived; but whatever the reason, the availability of mortgage financing has increased enormously and home ownership has been the outstanding fact in our prosperity.

Walter C. Nelson

Mortgage finance today is the largest user of new capital in the country—and in that statement is an almost over-powering economic fact reflecting the greatest significance for a healthy economy, high employment and widespread savings and investment. The economic area in which we work is certainly one with the deepest meaning for the welfare of this nation. Primarily our efforts are directed to providing home ownership, which means we are a pivotal instrument in one of the most important parts of the economy as well as a necessary link in satisfying the age-old desire of practically everyone to own a home. So, what we have been doing, and what we will continue to do, is firmly embedded in our scheme of things. It means opportunity ahead, no end of challenges—and no end of responsibility.

I would like to briefly review our area of the American Scene as it appears to me. It is a time of stock-taking, an inventory of ourselves and our business. For an easy and orderly appreciation, let's imagine we're using an expandable telescope, first taking a look at the Near Term . . . then lengthening our sights to take a view of the Long Term . . . and then lengthening it still more for what we may be able to see in the Far View.

As for the Near Term, it might well be that I am in a somewhat more favorable position than most because of special circumstances and events. During the past six months I have been traveling up and down and across this country in my position as President of Mortgage Bankers Association of America. During my term as Vice-President, the schedule was almost as extensive. So, as you can see, I have had an opportunity to take a close look at the mortgage field . . . and, in brief, have seen at first hand mortgage banking as a whole. Anyone would have come away with fixed impressions. My own are a mixture of old convictions confirmed and new ones formed.

The Near Term

First, as to the Near Term outlook for our industry, I think it is favorable. I have reservations, there are exceptions—but generally I am heartened by the outlook as I see it. Many—undoubtedly a good majority—may quarrel with me as to my impression that right at this amount—today if you will—is a considerably more normal period in our field of credit than we have had for some time. I know very well the acute competition and the other problems we all face every day. But, contrasted to some of the wildly fluctuating periods of recent years, there is a stability in the business, there is a certain balance between demand for funds and the money to satisfy those demands, there are indications that terms, rates and conditions (with some important reservations) are in line and have a certain economic conformity. I cite this fact more as a reminder than anything else—that there is a certain stability and a certain normalcy at this moment which have not characterized many periods of the recent past. If I'm right, then the fact is worth noting and considering because I don't think we will ever return to conditions such as we saw in 1950 or 1955.

Second, the prospects for building range from good to excellent. The market for new shelter holds up in an extraordinary way, so well that I think it confounds some of us, as it does me at times. This year we will certainly record 1,300,000 new starts and possibly more. We are on the eve of the busy Sixties we have been anticipating and it certainly looks as though the performance will live up to the billing. So, for building, for housing, for most construction, the prospects are indeed favorable. High prices are a threat, of course, as they are in every area of American life. The wage-price squeeze is a dilemma and a danger, one of the most challenging facts confronting the nation. But everything considered, I'm convinced that at this moment, with every single factor carefully considered, housing is a good buy, no one need hesitate to buy. It seems to me that the fixed demand for housing will continue very substantial indeed.

Opposes Housing Bill

Third, I think this year's housing legislation is not good and is definitely not in the national interest. This housing bill, in my opinion, is inflationary—and inflation, as I have vigorously emphasized in many places and on many occasions, is the greatest danger this nation faces. It's an extravagant venture with heavy political over-tones too evident for anyone to miss. It means that we have abandoned the goal of a balanced Federal budget and to me this has been paramount. The President was absolutely right—we cannot afford to do all the things being proposed right now. The decision ought to have been made to balance the budget, come what may. Things being what they are, there can be no quarrel with most of the objectives in this housing legislation — what was needed was a cutback on all these programs more in line with what the President has proposed.

Specifically, the prospective increase in the VA rate will work wonders in reviving the GI program — a par market is not in sight but business will be done and, most important, the veterans will be served.

Not a nickel should have been authorized for public housing at this juncture—authorizations for 110,000 units are now in effect and 475,000 units probably will be completed by the middle of 1960. This is more than sufficient to carry the program. So much for that — the pattern has been set and there is nothing anyone can do about it. But regardless of my thoughts, the effects of the new bill will, admittedly, be stimulating to our field.

Fourth, I bespeak best efforts made in behalf of the Voluntary Home Mortgage Credit Program. This program was a soundly-conceived effort. It was an answer to more direct lending in the VA field and it has given an excellent account of itself. What has hindered the VHMCP more than anything else is the some thing that has plagued the government-sponsored programs — artificially fixed interest rates. That and that alone has done more to hold this worthy effort within narrow confines. As it is, a volume approaching $350 million is no small achievement and for this success we should not for a minute overlook the vision, foresight and effort which the government agencies have contributed.

FHA's Certified Agency Program is another development which merits our full cooperation. Like the VHMCP, it too seeks to find the ways and means by which mortgage financing may be made available in small and remote communities. But for us it is a great deal more. In areas where it operates — and soon it will be nationwide — FHA has made it possible for the insured loan to be a more competitive loan, and to cut down on paper work and delay. CAP may well set the pace for the long term trend in insured lending. It deserves our best efforts.

The Long Term

Now I would like to project some observations about the Long Term factors in our area of credit. Some are impressions about mortgage banking and mortgage bankers I probably would hold if I had not left Minneapolis during the past two years; but most of them were gained from talking to mortgage people the length and breadth of the land during the past year and a half. I hope my remarks will not be interpreted as carping criticism or that no one will think I have set myself up as an arbiter for the industry. To me they seem constructive and, I hope, worthy of your attention and consideration.

First, I have the definite feeling that too many mortgage bankers have too little appreciation of the importance of their position, fail to recognize how vital our industry is, and have failed to evaluate the responsibilities it entails—in short, too many of us do not accord it the permanence and the stability which, to me, are so clearly evident. We're young, the framework of our industry has been largely created in less than a generation; yet the basic principles upon which our endeavors rest are very old indeed. The number of originating companies has mushroomed in the past 15 years — and I am happy to say, from close and careful observation, that the type of individual which our industry has attracted has been of the very highest. Notable is the great number of young people entering it, a pleasing fact indeed and due to our School in no small measure. Yet, throughout the industry I see sufficient evidence of this lack of recognition of our industry as a permanent, stable continuing effort. Everything, I suppose is a matter of degree and there are degrees here too. Some in our field seem content to do what comes naturally, directing their efforts solely to the most profitable part of the business. But my most telling—and alarming—point is this: too many, far too many mortgage men do not think of themselves as a part of the whole, as a member of a very broad and vital and necessary industry. And that goes for many, many people whom you will see at mortgage meetings regularly.

Second, a considerable number of mortgage bankers apparently have failed to see the wisdom of having a stronger financial structure in relation to the volume of business they do. This implies no weakness—the very nature of our operation is such that we are not faced with the heavy capital requirements of other lending fields such as, for example, the investment bankers. Still the impression seems to have taken hold here and there that too many of us have not ploughed back enough into our operation.

So far everything has worked fine. The industry has been plagued with no financial troubles—in fact, as we all know, our financial record has been excellent. Yet some people, as I said, are turning a critical eye on this aspect of our business. One respected authority remarked that our credit area was one where much is done on comparatively little capital and of course that is true and understandable—and I might add, sound. Other changes are occurring. Some of our investors — I'm thinking of one group particularly — have been largely concentrating on production and volume for many years; now they are looking at other aspects such as the financial strength of those who serve them. So I say, build for the future, build your house, and keep building it year by year so that you can pass examination during the more exacting days which lie ahead. And do it now as insurance for tomorrow. Our operation is based on sound economics and a proved record of satisfactory performance — but where we can strengthen, let's not overlook the opportunity.

Third, Mortgage bankers have got to wake up to certain facts of life which, seemingly, they have been ignoring or brushing aside in the hope that they will disappear. I'm referring to a pattern of life which is now well established and which certainly will not disappear—I mean specifically the gathering forces for the all-out attack on ever-growing slum areas, the fight against blighted neighborhoods, indeed the whole vast field of urban renewal. It will serve no useful purpose now to demur and say this is creeping socialization—this is the definite wave of the future and we must be a part of it. We must conform, we must adapt ourselves, our activities and our personnel to a place in this pattern. Too many mortgage bankers are utterly ignoring the very existence of this whole urban renewal development although, in sharp contrast, I hasten to add that some mortgage bankers have been leaders in this respect.

And, these efforts can be profitable. There is a profit in 220 and 221 as some have conclusively proved.

Fourth, mortgage bankers ought to make a cardinal principle of their business the possibility of doing a better and better job for the investors they serve. Now I happen to be one who believes that the investor-correspondent system never rested on better ground than it does at this moment. For one thing our industry has done a truly extraordinary job in the excellent servicing machinery we have created and it will get better because this is an area where new ways and new ideas will always be coming along. The conception of what a correspondent does for an investor has expanded greatly until now—and this is a particularly telling fact with me — the correspondent is performing so many services for the mortgage investor that he has become, in many respects, an arm of the investor. He has reached this position—and we can take pride that he has — in a relatively short period of time. The end usually justifies the means and for the correspondent-investor relationship the end result is good. The outstanding fact is in the final figure—I mean the vital and necessary contribution which mortgages have made to the net investment yield for the investors

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*An address by Mr. Nelson before the Eastern Mortgage Conference, sponsored by M. B. A., New York City, May 14, 1959.

The Case Against Mutual Security

By WALTER HARNISCHFEGER*
Chairman of the Board, Harnischfeger Corporation
Milwaukee, Wisconsin
and
Chairman of the Citizens Foreign Aid Committee

Prominent industrialist, charging we are "paying for our own funeral with Foreign Aid," presents the case against public foreign economic aid and scoffs at claim that military aid is essential to our own survival. Mr. Harnischfeger proposes a $2 billion cut in this year's appropriation and a liquidating period of three years to terminate the program. Preferring reliance on private capital, the industrialist suggests such considerations as: adoption of Bogg's Bill, Ex-Im-Bank re-insurance of private bank credit—which could make use of soft money loans, movement of more surplus commodities into foreign market and inducement of private funds to supplant Point IV aid.

We are gravely concerned with the situation prevailing in this country. The United States is confronted with inflation, violent in its impact. If it is not stopped it inevitably will emasculate our economic strength and destroy our freedom. It will wipe out the future earnings and savings possibilities of individuals and businesses, and many institutions supported by trust funds. The result would be chaos and a Communist victory without war.

W. Harnischfeger

During the year 1958, for example, our gold reserve was reduced by $2.2 billion. It now stands at around $20 billion, and of this remaining total 70% is now subject to foreign demand. Unless this flight of gold is substantially reduced, we face currency devaluation with dire consequences for us and the entire free world. Our total debt—public and private—and our various Federal commitments have reached the fantastic total of some $1,350 billion—greater than that of all other countries in the world combined. We are also witnessing today the financial insolvency of certain of our states and cities.

Foreign Aid Spending

Many are the causes. Most of them are related to labor pressure, enormous government spending, and sheer fiscal irresponsibility.

I shall confine myself to the one major area of government spending and administration least known to the American people—Foreign Aid. Specifically: "To what extent are you paying for your own funeral with Foreign Aid?"

During the last 10 years Foreign Aid has totaled more than $70 billion, plus private gifts and aid amounting to additional billions. The Administration this year is requesting $3.9 billion. On top of this, the President's Committee on Foreign Aid is urging an additional $400 million. It is obvious that our government intends that Foreign Aid shall be permanent and global.

This is the same Foreign Aid program that we were told at the end of World War II would be temporary and solely to help war-stricken nations get back on their feet. Most people have forgotten that we even offered Foreign Aid after World War II to the Soviet Union—at precisely the time they owed and still owe us some $12 billion for so-called Lend Lease.

I say to you that more than one-fourth of our Federal debt results from budget deficits caused by this Foreign Aid program. It also means that past and present Foreign Aid programs are consuming the equivalent of 20% of our personal income tax collections. The American people are continuing this heavy burden at a time when various of our Western European allies are enjoying prosperity, and when certain of their industries are booming. One of our Allies has just ordered its sixth tax reduction since the end of World War II, all at the expense of the American taxpayer.

Probably no issue facing the American people today is more heavily veiled in secrecy than Foreign Aid. It has been a "Sacred Cow" from its inception, and untouchable. Undoubtedly the Commies, through their intelligence sources, know far more than our own citizens about how our giveaway money is being spent. I can assure you it is a monumental task for private citizens and private groups like our Citizens Foreign Aid Committee to obtain the facts. Actually, various members of the House Foreign Affairs Committee stressed this same fact publicly at the recent hearing where I testified. They said also it was refreshing that at least one organization has stepped forth to present a strong opposition case to foreign aid.

The President's Committee has recently issued a report of its preliminary conclusions. Undoubtedly it is a sincere and honest appraisal. But I challenge sound businessmen to read that Report and evaluate it as a document which would have the ghost of a chance of receiving favorable action from hard-headed, realistic businessmen like the Board of Directors of your own corporations.

Recommends Publications to Read

For background material, where you can get the practical aspects, not theories, of this aid problem, I particularly recommend three publications:

(1) The First Report of the "Citizens Foreign Aid Committee."

(2) The new book entitled "Wedemeyer Report," a professional appraisal of global military problems. Also General Fellers' book entitled "Wings for Peace." Both men are members of the Citizens Foreign Aid Committee.

(3) The publication "Report on Overseas Economic Operation" made by the Foreign Aid Task Force of the Second Hoover Commission, which was headed by Henning Prentis, also a member of the Citizens Foreign Aid Committee. One of its major implications is that only Free Enterprise, not government can furnish the multitude of experts with proven experience to administer our complex Foreign Aid program.

Due to the limited space of this paper, it is not possible for me to evaluate what has transpired in the fantastic foreign aid spending program throughout the world. However, I do want to bring out a phase of our relief program in Europe and to emphasize that the same conditions do not prevail on a global basis.

Many people erroneously believe the Marshall Plan, first of our post-World War II Foreign Aid programs, was the principal reason for Europe's recovery and they especially point to Germany as the shining example. While of course the Marshall Plan helped, many of us who spent time there in the late 1940s saw, on-the-spot, the tremendous recovery the German people themselves made. After we changed some of our atrocious policies there, the German effort was almost superhuman. Their success came from the drastic economic and political reforms, the endless working hours of both management and labor, their own restoration of confidence in their monetary system, and their great personal sacrifices. An educated, trained and disciplined people, many of whom returned from Russian prisons and concentration camps with a hatred of Communism — they were dedicated to erecting a capitalistic society. With belt-tightening and utmost restraint they prevented skyrocketing wage increases and avoided inflation. And the German Government cut spending and made several tax reductions.

I emphasize this point because some of our people seem oblivious to the lessons of history. We appear impotent to reverse the trend toward rapid wage increases without any relation to productivity, higher taxes, more government spending and generous give-aways—all of which can lead only to a disastrous deterioration of our economy and uncontrolled inflation.

In connection with our fundamental foreign aid philosophy we cannot avoid questioning the wisdom of forever being obligated to sustain any nation at a higher standard of living than her basic natural resources make possible.

There are many recent reports in the press concerning these fallacious policies of many of our foreign aid programs which fail to justify our huge expenditure of funds.

Growth of Personnel

The staff for administering these huge foreign aid funds has grown from 450 in 1948 to a present strength of some 12,000 people administering 2,000 projects on a global basis; plus 9,000 administering the military assistance program.

Three billion dollars of our foreign aid has been used to reduce the debts of our Allies, while we indulge in deficit financing.

We have furnished over $2 billion to Communist countries.

In many cases, our foreign aid is helping to socialize industry, to build up industries to compete with our own, and to establish the very system of state slavery we set out to combat. What could be the justification for all this?

There are other areas of the world where we have brought about severe inflationary pressures. We have developed and expanded basic industries without regard to the development of secondary or consuming industries. If initial aid will not include a self-generating and naturally increasing economy which will feed upon itself, how can we afford to continue a policy of supplying millions of additional dollars in order to sustain a basic industry without a market for its products?

Sooner or later any foreign aid program which cannot feed upon itself without further aid from us will have to be abandoned. How long shall we continue a policy of subsidizing these economies without realizing that doing so can lead only to international bankruptcy?

Scoffs at Military Foreign Aid

Our leaders warn us that continued military assistance is essential for our own survival. I am not a military expert but on the Citizens Committee are several qualified military men; four of whom are graduates of West Point with outstanding war records. I present their views because of the tremendous sums involved. It is their considered opinion that should a major war be forced upon us, it is a strong probability that most of our Allies—to survive—will seek neutrality. This probability is so great that we must, at all costs, be adequately prepared to defend ourselves. They hold that the next war, if it comes will be decided in the sky, that the fate of the Free World will rest in the hands of professional armed forces—mostly Americans—manning the weapons on hand when the war starts.

To win an all-out war, the United States must have sufficient striking power to survive enemy attack and to destroy the enemy's ability to wage war. This striking power should consist principally of fighters, missiles, bombers and space weapons in being, not on order or on drawing boards. Only the United States, and not one of our Allies today, possesses such a striking power.

Air and space ascendancy over the Red Forces does more than merely defend us. It extends incidental protection to the entire Free World. If we provide air and space ascendancy over the Red Forces, certainly the Free World countries should be able to provide the surface forces deemed necessary.

The Committee feels it is unnecessary for us to garrison five divisions in Europe when the population of our European Allies is 50% greater than ours and

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*An address by Mr. Harnischfeger before the 47th Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C.

A Tax Committeeman Views Taxation and Thrift

By HON. EUGENE J. KEOGH*
United States Senator (D., N. Y.)

Rep. Keogh accuses the American Bankers and Independent Bankers Associations of trying to outdo each other in devising punitive, discriminatory tax bills against their competitors. He asserts, on the other hand, that mutual savings banks must justify their present tax treatment. After perusing past and present suggestions, and advising commercial banks to decide whether they want to be commercial *or* savings banks, the Congressman hopes a common ground can be reached which, at the same time, thwarts inflation and aids economic growth. S. & L. Associations receive a fine compliment from the Representative and mutuals are praised for working with them.

As a student of tax legislation, I must confess that until recently I viewed the Curtis-Harrison bills as unique in that they sought a competitive advantage for one segment of an industry at the expense of the other segment. But in recent weeks, as first the American Bankers Association and then the Independent Bankers Association came forward with their notions of how to tax savings banks, this characteristic of uniqueness began to pale. It strikes me that the sponsors of these proposals are trying to outdo one another in the degree of punitive, discriminatory taxation they propose.

Hon. E. J. Keogh

Until recent years, I never heard any one from commercial banks quarrel with the tax treatment of mutual thrift institutions. Even prior to 1951 when they were tax-exempt, there was no protest from the commercial banks. Only in the last two or three years, when thrift has become the most profitable source of loanable funds, have commercial banks thought they were at a competitive disadvantage by reason of the specialized nature of thrift institutions and by reason of their mutuality.

Segregated Thrift Accounts

It occurs to me there may be another way of taking care of this situation which has become such a thorn in the side of commercial bankers. Banking functions might be realigned so as to segregate thrift accounts in commercial banks. I call attention to the fact that several states — Connecticut and Massachusetts, to name two—already require the segregation of thrift accounts in commercial banks. I suggest this approach to remind my friends in commercial banking—many of whom are latecomers to the shrine of thrift—that there is another side to the coin.

If mutual banks are to have their tax status changed—and I am not convinced that they should—let it be on the basis of fair and equitable tax law designed to encourage thrift and economic growth and let it not be to give a competitive advantage to a rival in the competition for thrift accounts.

For example, I think that Congress must carefully screen new tax proposals to be sure that any changes in the law are on the side of thwarting inflation. In order to have economic growth with stability, we know that a high level of real savings must be maintained. We know that a great percentage of home building, of industrial and commercial growth of everything is financed out of savings. If people do not have the incentive to save, there will not be sufficient savings set aside to satisfy the demand for funds to provide for normal economic growth. This, of course, will lead to increased interest rates and higher prices for goods thus put in short supply.

An objective appraisal of the consequences of changing the tax treatment of mutual thrift institutions to provide for more tax revenue will, in my opinion, lead to the conclusion that growth will be stultified all along the line. Increased taxes on the thrift industry will make it difficult for the government to finance its debt because savings banks will be forced to take a smaller share of federal bond offerings. Further, such a tax increase would reduce the amount of money stemming from private savings that will be available for industrial expansion and home building.

It further occurs to me that an objective study of the tax problems confronting deposit banking should differentiate between the advantages that stem from the corporate form. Savings banks have an advantage in the competition for savings because of their mutuality. Having no stockholders, they can pay out in the form of interest to depositors, all earnings after operating expenses and a reasonable amount for surplus have been set aside.

The way thrift institutions employ their funds — the fact that they invest larger percentages in higher-yielding long-term bonds and home mortgages plus the fact that they have substantially lower operating costs—enables these institutions to pay higher rates than the average commercial bank. And I venture that these factors have more to do with the historic interest rate differential between the mutuals and the commercials than does tax treatment.

Commercial Banks Must Decide

I would like to pass on to you a prescription that might get at the tax problems of our commercial banking friends. The medication is not mine, but was prescribed by a highly respected commercial banker—Mr. Gaylord A. Freeman, Jr., Vice-President of the First National Bank of Chicago. Mr. Freeman made these remarks before a regional meeting of the Savings and Mortgage Conference of the American Bankers Association in 1956. Mr. Freeman said, quote:—

"The proper solution lies not in weakening them (the mutuals). It lies in obtaining the right to increase our reserves and thus enable us to increase our total capital funds and at the same time pay a larger return to the saver." End of quote, end of prescription.

The present tax formula, based on history, was devised by the Senate in 1951 as a fair method for taxing mutual thrift institutions. If it was fair eight years ago, have conditions so changed as to make it unfair today? What has taken place in this relatively brief span to render the rules of eight years ago unacceptable for today's economy? I suggest that the only change that has occurred has been the change in attitude of commercial bankers towards the desirability of savings accounts. The commercial banks, it seems to me, have to decide whether they are going to be commercial banks or savings banks and not try to possess the qualities of each. They should be one thing or the other.

Addresses Mutuals

Up to this point it may appear that I have been somewhat hard on the commercials. In all candor I must address some remarks to savings bankers. It is obvious to me as a member of Congress that the life insurance industry and the cooperatives cannot suffer tax increases and the mutual thrift institutions escape without at least a serious review of their tax status. You make a mistake if you consider your industry, or any industry, sacrosanct or untouchable. I must say very frankly that your day in court is coming and you must be prepared to justify your present tax treatment.

I know that our committee will want to look at all preferential or differential treatment that has been written into the tax books. However, Chairman Mills does not take the position that all seeming preferences and differentials must come out. If they can be justified, then they will stay. But the justification will require more than unsubstantiated allegations, complacent conclusions and pious platitudes. They will need to be supported by demonstrable evidence that they are in the public interest. If you can do that, you have no cause for concern.

I must tell you that you are fortunate in these tax matters to be allied with the savings and loan industry. They are a worthy and effective ally and I will say that members of Congress do not look at them as representing a "second-class" type of banking. The savings and loans have few peers in the art of Washington relations and the rest of banking could well take a leaf from their book. Banking generally does not do a good job in Washington in its relations with Congress and I am glad mutuals are doing something about it.

Someone has suggested that commercial banks have a unique power — the power to create money. It even has been suggested that this power within itself would warrant a special kind of tax treatment. I am not going to attempt to pass on the merits of this proposal at this time, but I do want to make this point:

In a situation where one segment of an industry turns upon another segment, seeking an advantage through tax legislation, neither can benefit, and in the process the entire banking structure could be damaged. I frankly do not feel that the industry can afford an acrimonious battle using the legislative halls as the arena.

Members of Congress are not likely to be strongly motivated to vote for banking legislation, even when wholeheartedly supported by the banking industry. It is still a temptation for Congressmen who wish to impress their constituents to get up on the floor of Congress and flail away at Wall Street bankers and high interest rates.

Hopes for Common Ground

I sincerely hope that representatives of all branches of deposit banking will reach a common ground for proposing tax reform that will be for the best interests of the country and of all banking. I hope that in such future discussions the mutual thrift institutions will continue to conduct themselves with the dignity that has characterized their previous approach to this thorny problem, even when their opposition tried to give the controversy the appearance of a "back alley brawl."

I urge you to seize every opportunity to inform the public of the contribution mutual savings banks are making to the economy. You have a good story to tell, but much of the public—including some members of Congress—are not aware of it. I am thinking not so much of your tax story, but of what you are doing to encourage thrift and to make capital available for home building and industrial expansion in every state. You should give wide distribution to speeches such as those recently made by President Lyon and Grover Ensley. Tell your story through projects such as your Washington Conference—and through publications, such as your annual report, which you have just published. You can use radio—as you recently did. And you can advertise. I assure you the competition is going to get tougher. The hour is late and you cannot afford to wait. The race must always be to the good—not the glib.

*From a talk by Rep. Keogh before the 39th Annual Conference of the National Association of Mutual Savings Banks, Atlantic City, May 19.

Greyhound Secs. Opens

Greyhound Securities, Inc. is engaging in a securities business from offices at 15 William Street, New York City. Officers are Edward F. Henderson, President; Alyce Panzer, Vice-President; Dr. Louis Orens, Treasurer; and David Schwartz, Secretary.

Weakening of Savings Banks Not in the Public Interest

By WILLIAM A. LYON*
Retiring President, Nat'l Association of Mutual Savings Banks
and
President, Dry Dock Savings Bank of New York

There is more than pique in retiring President Lyon's message charging the ABA with formulating an "inequitable and ill-considered" tax formula to resolve the current tax dispute between the two banking groups. For he raises the economic question that if commercial banks do not accept segregated deposits, and mutuals are taxed as proposed, then where would much of the funds come for mortgages and long-term bonds. The banker avers savings banks and S. & L. Assns. would no longer be able to attract deposits; that commercial banks want no part of mortgage lending on their own account; and that Fanny Mae would be the last sort of resort.

It would seem to be in order for a retiring president of the National Association to offer a sort of testament. He has traveled the course. He is not going this way again.

William A. Lyon

Well, to begin with, the retiring president would have to say that the industry is going through a pivotal period in its long history—the kind of time when a coherent, industry-wide trade association is more valuable and indispensable that ever. The savings and loan associations are surging forward and are occupying a more and more important place in our national financial scene. Commercial banking, slowly and recently awakening to the opportunities that lie in the handling of thrift moneys, is trying hard and urgently to carve out a bigger place for itself in the savings field. As part of its program, it is seeking to have specialized thrift institutions pay out more, substantially more, of their earnings in Federal taxes, which would impair their ability to pay out dividends to savers. This would be intended to improve commercial banking's competitive position in the thrift field and weaken that of the mutual savings banks and the savings and loans.

With all this going on it behooves savings banking to determine a course of action for itself. And the need to choose a wise course is a desperate one, for in these things an industry does not always have a second chance. It's better to be right the first time. In a trade association, though, the decision-making process is not usually carried out with corporate promptness and unity. The one sure, absolutely reliable fact of trade association life is that there will be a diversity of views about the course to be followed on all important matters. Often there will be two principal points of view that emerge, and they will be diametrically opposed. Usually both of these divergent views are strongly held.

* * *

Reviews Tax Controversy

One other matter that I might venture a few remarks about is savings banking, taxation and the American Bankers Association. A number of things were regrettable about the sorry state things reached at the ABA convention in Chicago last September. Savings banking and the ABA officialdom did not begin to do until after the convention what they really should have been doing for some time before, namely, talking over any problems that may have arisen. I cannot help but think it was unfortunate for the ABA, some months before Chicago, to depart from its usual way of doing things when an association attitude toward a piece of legislation was being formed.

When the ABA found some of its members demanding that a position be taken on the Curtis bill, affecting thrift institutions' tax status and dividend-paying ability, it did not follow the course that had been customarily. It did not ask the legislative committee of the savings and mortgage division for a recommendation on the bill. This committee was deliberately by-passed and jurisdiction was seized in the very first instance by the administrative committee. The administrative committee, as the ranking body, was of course perfectly free to overrule the savings and mortgage division's legislative committee, but in a voluntary membership association the rights of a minority group are not to be lightly, or under pressure, interfered with. The dragon's teeth were sown right then from which we are now reaping the harvest.

Decries ABA's Haste

Savings banking tried to get amicable and reciprocal relations back on the rails at Chicago by suggesting the perfectly normal course be followed of turning first to discussion and consultation as the reliance for composing differences. But it turned out that the ABA representatives felt themselves to be under such pressure that they wanted to start writing prescriptions before even an elementary diagnosis could be completed. Watching their efforts, we felt something like the missionaries to cannibal country observing the fire beginning to crackle under the pot.

In the haste to produce something—anything—without a moment's delay the ABA representatives came up with a tax formula that was inequitable, ill considered and unworthy. Then another group of ABA members found fault with the tax scheme—for the wrong reasons, it might be added—and so the tax baby had horns and cloven hooves added to it before it was out of the crib.

Favors Segregated Deposits

Such actions cannot help but create unfavorable impressions. Haste of this sort is associated usually with people who are running scared. When savings banking proposed that the groups consider the advisability of commercial banks segregating their savings deposits so that a base might then be erected for equal tax treatment for equal services, the idea was dismissed with scant ceremony or reason given. And yet the ABA must know that it does no good to talk about tax equality unless the separate demand deposit function is split off from their savings function. In that way the savings might be reserved for home financing and long-term capital purposes, just as savings banks now reserve their funds.

Where Would Mortgage Funds Be?

It must be disturbing to any person with an objective view and broad responsibilities, such as legislators are expected to have, to see commercial banking wanting to take on a greater share of the responsibility for attracting savings without showing any sort of readiness to assume the obligations of thrift institutions to the community. Consider what would take place if the ABA's tax ideas should prevail. Savings banks and savings and loan associations would have to cut their dividends. Their ability to attract savings would be reduced. They wouldn't have as much money to make mortgage loans or to buy long-term bonds of corporations, municipalities, etc. Where would the public turn, then, for mortgage money? To the commercial banks? Hardly. A good many of the largest and most notable among them want no part of mortgage lending for their own account. Where else, then, would the mortgage money come from but Fanny Mae?

There isn't much profit for the American people in that. To me, that is what has been missing in the tax talks—an awareness that no one should be content with any tax change that did not clearly advance the interest, not of this competitive group or that, but of the public as a whole. I somehow believe that Congress is going to take its time, free of pressure and panic, in making any tax moves. I expect that it will carefully consider these moves and see to it that self-interest has been surely drained out of them. The sense of increasing alienation from ABA that some of our members have felt is not hard to understand under the circumstances.

It is my hope that solutions can be found in this sorely vexed field of taxes that will be genuinely worthy of its significance to our country. When we find where the public interest really lies, that is where we should all rest our case.

*From a talk by Mr. Lyon before the 39th Annual Conference of the National Association of Mutual Savings Banks, Atlantic City, N. J., May 18, 1959.

Mutual Savings Banks' Functions Assist a Growing Economy

By DR. KARL R. BOPP*
President, Federal Reserve Bank of Philadelphia
Philadelphia, Pa.

Central banker underscores the strategic role of mutual savings banks as an important factor in the struggle to help overcome the savings-lag which threatens to hobble our economic growth and to erode our currency's purchasing power. Dr. Bopp scans 150 years of mutuals' development and finds their objective is still the same excellent one as it was the day they started.

Mutual savings banks were originally established to serve both individuals and the public welfare. Because the institution of mutual savings banking was wisely conceived, it grew, prospered, and spread.

Karl R. Bopp

General economic conditions have changed beyond recognition in the century and a half since the first mutual opened its doors for business; notwithstanding these changes, the influence of the mutual savings bank is still salutary. The chief purpose—to encourage thrift — was a good purpose 150 years ago and a excellent objective today. It is an objective that still conforms to the best interests of the individual; and within the framework of current and prospective economic conditions, it is an objective which dovetails neatly with the over-all objectives of economic policy—price stability, full employment, and sustainable economic growth.

I will presently discuss in more detail this close relationship between the objectives of mutual savings banks and economic policy. Permit me first to review the development of mutual banking. I think this development provides a key to understanding the role mutual savings banks play in a growing economy.

Development of Mutuals

When the Reverend Henry Duncan established the first mutual savings bank in Scotland in 1810, he was in harmony with his age. This "institution operated for the advancement of human welfare through the encouragement of thrift" reflected the most enlightened thinking of the day.

"Whatever . . . we may imagine the real wealth of a country to consist in," Adam Smith had concluded not long before in *The Wealth of Nations*, "every prodigal appears to be a public enemy and every frugal man a public benefactor."

Reverend Duncan and Adam Smith lived at a turning point in history. The world had been one thing and it was changing into something else. In England and on the Continent, century-old customs were being destroyed and new machines and industrial techniques were being applied to the production of goods and services. Agricultural workers were being uprooted from the land and were moving to the burgeoning industrial centers.

For centuries peasant farmers had belonged to the land; but the land had also belonged to them. Advancing commerce and industry were tearing apart the fabric of their old ways of living. These people were in need of new bulwarks against the uncertainties and fluctuations of industrial civilization.

Public-spirited men saw that a savings bank, by encouraging thrift, could help these new workers; it would provide a place in which they could set something aside for a "rainy day." The farmer still frequently welcomed the rainy day; but for the industrial worker the term had acquired a new meaning.

Before the development of mutual savings banks, there was no place where small savers could lodge their savings and earn interest. Individual workers and tradesmen could not save very much; nor did they have the background and experience necessary to invest wisely what they did save. The strategic insight that made the mutual bank a successful institution was that the savings of small savers could in total be very large — certainly large enough to be put to use in a capital-hungry economy. And if they could be put to use, these savings could earn a return.

A mutual savings bank could then be a reservoir—collecting the savings of workers and tradesmen—and a conduit—channeling these savings into investments. Adam Smith had seen that in many cases individuals trying to promote their own self-interest, also promoted the public welfare. The mutual savings bank has survived and prospered because it has been an institution that has helped convert the strivings of individuals for security into a public benefit.

Location and Growth

The first mutual savings bank to begin operations in the United States was established in Philadelphia in 1816, several blocks east of where the Federal Reserve Bank of Philadelphia now stands. Today there are mutual savings banks in 17 states, primarily concentrated in the northeastern section of the country. When mutuals were first established in the United States, commerce and industry were concentrated in the large cities on the eastern seacoast. Agriculture was the predominant activity in most sections of the country. Beyond the eastern settlements, farmers produced primarily for themselves and not for market. There was less need for mutual savings banks on the frontier. By the time these frontier areas had become sufficiently industrialized and commercialized to support savings banks, other types of institutions had also become interested in savings. The ability to invent new institutions has always been a strong characteristic of American society; and where mutual savings banks blazed a path there was soon a variety of profit-seeking enterprises eager to follow.

But in the areas in which mutuals had their first successes, they have survived and grown. Today there are over 500 mutuals possessing over 22 million accounts. Mutuals still do business with the small saver. The average size of the account is under $2,000. Mutuals possess total assets of over $37 billion, of which over $22 billion are represented by mortgages and over $7 billion by Federal Government obligations. By virtue of the large number of people with whom mutuals deal and the large dollar volume of assets, they exert a significant influence on the economy of the country.

From the point of view of attaining our over-all economic objectives, this influence, as I mentioned, is beneficial. When we observe the way our economy has been operating in recent years, the role savings banks play becomes apparent.

Economic Recovery and Monetary Erosion

Over-all, the American economy has acquitted itself well in the last 10 years. Our Gross National Product in real terms has increased about 35%, or about 3½% per year. Unemployment has been relatively low, averaging about 4½%. We have thus far won at least three battles over mass unemployment and depression. Our economy has shown a remarkable resiliency in adjusting to new conditions.

Our chief shortcoming has been the erosion in the value of money. Our price level in 1959 is about 20% higher than it was in 1949.

With this exception, our record, as I have said, has been commendable. But inflation is a vital exception—one that can cumulate in importance over time, and seriously undermine our other efforts.

Looking back in the last year of the decade on the price inflation of the 1950s, I get the feeling that we have been rather inflexible in our demands. As consumers we have demanded more and better consumer goods and thereby encouraged high levels of expenditures by producers; as citizens we have required our state and local governments persistently to increase their expenditures to accommodate our expanding populations and our improving tastes; as citizens also we have sanctioned our Federal Government continually to increase expenditures to meet the ever growing demands of national security and other seemingly vital programs.

Because our economy has been operating at levels approximating full capacity during most of the 1950s, expansion of our demands has resulted in increases in prices as well as output.

In this environment, high levels of savings become extremely important. They are important because they help modify the disorderly effects of unrestrained demands upon resources.

Savings represent transfers of purchasing power from one group of spenders to another; they permit expansion in some sectors of our economy by limiting expansion in others. Because an interest must be paid for borrowed money, savings are typically invested in sectors which, under the pressure of demand and often with access to technological advances, are expanding rapidly. This is the manner in which we achieve growth in an economy operating at full capacity.

Twenty-five years ago many would have questioned the desirability of encouraging thrift. In the abyss of a great depression it was reasoned with justification that one man's spending was another man's income; and to increase income, it would be wise to encourage spending, not thrift. Of course, savings can also be spent; but they usually are not in a depression.

Conditions have changed extraordinarily since the 1930s. We have learned a great deal in the process about saving and spending. Whatever truth there was to the proposition of the 1930s that thrift is an impediment to economic growth, there is certainly none today. Far from having the problem of too much savings, I think that today we are troubled by too little savings.

Personal savings statistics certainly suggest this. Between 1951 and 1958 disposable personal income, in current dollars—the income which people actually have to save or spend—increased about 37%. Over this same period, personal savings out of this income increased by only about 19%. Incomes increased faster than savings because individuals were upgrading their current standards of living. They were spending a larger proportion of their incomes on consumer goods.

When we deflate these income and savings figures so as to eliminate the effects of price changes, something else is revealed. Over the period, real disposable income increased about 22%. Real savings also increased, but only by about 5%.

While real income increased in every year but one between 1951 and 1958, there was very little variation in the real savings figure. For example, real savings in 1952 were exactly the same as they were in 1958. When we look at the period as a whole, I think we are justified in concluding that in absolute terms total real savings out of income have shown no tendency to increase at all despite increasing real income.

Shrinkage in Real Savings

Between 1952 and 1958 our population, however, did increase. On a per capita basis, real savings out of disposable income show some variation over the years, but in 1958 it was 7% less than it was in 1951, while income was over 8% more. This suggests that individuals and families are actually saving less in real terms out of growing incomes.

While personal savings have been lagging, the demands for funds, as I have pointed out, have been expanding. There have been dramatic increases in the demands for funds in many areas; there have been notable increases in areas in which savings banks have traditionally been active. As you know, we have had a housing boom during the 1950s and, as I have already mentioned, a great expansion in government expenditures.

The coming decade, most observers believe, is going to be one of growth and prosperity. There are certain fundamental forces that may well make for rapid economic expansion; our population is increasing and our technology is showing unprecedented developments.

I expect that there will continue to be large increases in the demands for funds — including the funds held by mutual savings banks. Many foresee a building boom in the late 1960s and it would be unrealistic to expect a curtailment in the demands for funds by governments.

If we are to accommodate these demands and grow without inflation, it is of great importance that the historic objective of the mutual savings banks be fulfilled.

The savings banks as you can see, has an important function in a growing economy. Mutual savings banks can also contribute in another way. Traditionally, mutuals have secured funds from people with modest incomes. To the extent that these people spend an exceptionally large proportion of increases in their incomes, we can strike an exceptionally effective blow against inflation by persuading them to increase their savings.

Urgent Problem of Inflation

I want to underline the urgency of the need to maintain a stable price level. We may well be at a crossroad today. If we permit the price level to resume its upward course now, we will probably find it infinitely more diffi-

*An address by Dr. Bopp before the 39th Annual Conference of Mutual Savings Banks, Atlantic City, N. J., May 19, 1959.

cult to contain inflation in the future.

Once people begin to expect a rising price level, they do things that make it inevitable. If they are afraid that prices will rise next month, they have a real incentive to make next month's purchases this month. They have an incentive to trade money for goods, real estate, stocks, and anything else they think will rise in value. When people think and act this way, prices are certain to rise—not next month, but this month, and by more than originally expected.

The other side of the coin is, of course, that rising prices make it increasingly difficult to convince people to save. The "most striking consequence of inflation," J. M. Keynes wrote 35 years ago, "is its injustice to those who in good faith have committed their savings to titles to money rather than to things." We cannot expect people to save if we permit their savings continually to lose value.

If mutual savings banks and other interested institutions can encourage savings today, it will be that much easier to persuade people to save tomorrow.

Taking all this into consideration, I am happy to see a growing awareness among some savings bankers of the need to adapt traditional policies to rapidly changing economic conditions. As an intermediary in the savings-investment process, the mutual savings bank is in a strategic position in a growing economy. Performance of this act of intermediation aggressively, efficiently, and with a view to the requirements of depositors and the economy is a proper exploitation of this strategic position. There is no disputing the remarkable record of success and safety mutuals have enjoyed. The best insurance that this record will be maintained is for mutuals effectively to adjust themselves to the changing times.

With the major problems of the day so pressing, I am sorry to see such a great deal of energy dissipated in fratricidal combat. The tax issue between mutuals and commercial banks is technical and complicated; and I have no special solution for it. But, as an onlooker, it seems to me that the controversy has thus far generated more heat than light. Many people seem to have forgotten that the country has need for all the savings that both the savings and the commercial bankers can persuade people to make. I think if we could start from this basic proposition a calmer, more judicious, and more effective kind of program could be developed.

As I have indicated, mutuals can play an important role in a growing economy. If mutuals grow, they will in their own course help the economy function well. If the economy functions well, it will generate an increasing amount of savings and mutuals will grow.

Mutual savings banks, as I said at the outset, were originally established to serve both individuals and the public welfare; they still have an opportunity to execute their design.

Estate Planning Formed in Denver

DENVER, Colo. — Following some five years of intensive research, Robert J. Connell, Denver investment banker, announced the formation of Estate Planning, Inc., with offices in the First National Bank Building, a specialized professional organization for the planning of "living estates."

Robert J. Connell

Old Greenwich Funds

FLOURTOWN, Pa.—Richard K. Garrison is engaging in a securities business from offices at 108 Penn Oak Road, under the firm name of Old Greenwich Funds Company.

The Stock Market Outlook

By EDWARD A. MERKLE*
President, Madison Fund, Inc.

Prominent mutual fund head maintains most important recent stock market development is the recession-prompted cut in company expenses, with its fillip to prospective corporate profits. Holds business structure has unrealized strength. Cites corporate cash flow and research activities as important bullish market elements. Advocating selectivity directed to new favorites, he lists recommended stock groups.

The most important single development in the stock market in the past six months, aside from the sharp rebound in the general business picture is the miraculous job accomplished by American industry in reducing expenses during the late recession. Many of the well managed companies found that they had accumulated considerable fat during the good years and were almost ashamed to admit that there was considerable room for improvement, but improve they did. I believe a study of the record will show that the very sharp move beginning early this year came on the heels of the Treasury's announcement that pre-tax corporate income in the United States would equal $47 billion. Since that time, estimates are being revised and probability is that $51 billion may be reached. Applying this to the Dow-Jones Industrial Average is rather difficult, but it does seem apparent that earning per Dow-Jones share may approximate an annual rate of $4 a share some time during the year, and there is no assurance that further improvement may not be seen next year.

Edward A. Merkle

*A talk by Mr. Merkle before the Association of Customers' Brokers, New York City, May 13, 1959.

The Strong Business Structure

I do not wish to pose as an economist, but my observations make me believe that the business structure is much stronger than most think. In recent years we have developed mercurial tendencies in the United States and are prone to give credence to the worst, making us nervous bulls, but an examination of the facts indicates that most of the major components of the business scene show strength. Residential building is better than expected, automobile buying is expanding, and the inventory situation, while not as strong as at the low, is a long way from troublesome levels. Most importantly, capital goods expenditures are picking up speed. Gross private domestic investment was at an annual rate of $68.5 billion in the first quarter, which is a new high annual rate, and estimates place the second quarter level at $72 billion. The important thing is that capital expenditures, which normally are tied in closely with corporate profit are being directed in the area of noncapacity items to improve efficiency. This could mean that as the recovery feeds on itself, we may find demand knocking at the door of capacity in specific industries. It should be remembered that from the drawing board to production involves a long period of time.

Cash Flow and Research

We hear a good deal about cash flow in individual situations, but there is very little discussion of the overall picture. It is estimated that in 1959 cash flow of major corporations will total $48 billion. In addition to increased corporate profits, the big change has been depreciation, which aggregates $24 billion today against $4 billion in 1946. Another very important factor is rising research and development expenditures, which are estimated at $9 billion in 1959 against $8.2 billion in 1958 and $7.3 billion in 1957. A figure of close to $15 billion is expected in the 60's. Before the war, less than $1 billion was spent for this effort, and the impetus from this area must not be soft pedaled.

Selectivity the Keynote

What is the net of all this—simply, the background that the market is good, but selection continues to be the keynote and we must be most cautious not to follow the favorites too far but to use enough ingenuity to find the new favorites while they are still cheap. Don't be caught up in a balloon because the sensation can be very distressing during the rapid descent.

Industry groups which I like are:

(1) Airlines
(2) Railroads
(3) Selected Electronics
(4) Some growth utilities
(5) Capital goods stocks, including coppers
(6) Residential building shares
(7) Papers

Puerto Rico's Tax Opportunities Offer Mutual Benefits

By MAX GOLDMAN*
Director, Office of Industrial Tax Exemption
Commonwealth of Puerto Rico

Puerto Rico's Tax Administrator outlines tax-exemption incentive laws designed to achieve mutually advantageous benefits for the Island's economy and for investors and industrialists. Topics reviewed include eligibility for (1) ten-year exemption on all corporate taxes, and (2) seven years' freedom from all Puerto Rico and U. S. A. taxes on profits and dividends, and status of real and personal property and other taxes. In describing the basis for eligibility and other aspects of the tax measures, Mr. Goldman makes clear the laws do not apply to mainland run-away firms.

The use of tax exemption as a technique for promoting improvement in the condition of an economy, particularly by the promotion of new industries is by no means novel. There are records of the use, in states of Medieval Spain, prior to the unification under Ferdinand and Isabella, of tax exemptions to promote new wine and weaving industries. The purpose was very much the same, to create an economy capable of sustaining a higher standard of living for the population. The industrial development program, in which tax exemption is an important incentive, represents an effort of the people of Puerto Rico and its Government to transform its economy from one of deprivation and want, with an almost complete dependence on the sugar crop, to a diversified economy capable of sustaining a minimum decent standard of living on a stable basis.

It must be borne in mind that as recently as the beginning of World War II, a considerable part of the population of Puerto Rico lived in the most abject poverty. The first significant steps toward industrialization were taken by the Government itself during the early years of World War II, in the establishment of cement, glass, and paperboard plants, among others. In the course of the operation of these enterprises a body of experience was developed which served to clarify the direction in which the efforts to achieve industrialization should be pointed. The conclusion emerged that the Government itself could not assume the major burden of making investments of the magnitude which would be required in order to achieve a substantial measure of industrialization. It became equally obvious that the problems of know-how, management, marketing and consumer preference could be met and solved only by persons with active backgrounds in the industries which might possibly be developed in Puerto Rico.

Tax exemption was devised as the major incentive for inducing persons with such backgrounds to invest their capital and apply their know-how in setting up plants and creating the skills which would enable establishment of their industries in Puerto Rico on a sound basis. Thus tax exemption is an invitation to mainland and Puerto Rican investors and industrialists to participate in a great "Do-It-Yourself" program. But it is a "Do-It-Yourself" Program in which the people of Puerto Rico, its government and the private industrialist engage in a joint effort, involving cooperation and mutual understanding to achieve benefits for all the participants; successful and profitable operation for the industrialist, and improvement in the standard of living for the people of Puerto Rico.

*An address by Mr. Goldman before the American Management Association, New York City.

Unusual Incentives

The Tax exemption incentives offered by the Commonwealth of Puerto Rico are in some respects unusual in their nature. As the result of the tax treatment extended to Puerto Rican corporations and certain United States organized subsidiaries of mainland corporations, a grant of tax exemption under the laws of Puerto Rico may result in a complete exemption from all corporate taxes for a period of 10 years. Those industrialists who are in a position to establish bona fide residence in Puerto Rico in conformity with the requirements of Sections 933 of the U. S. International Revenue Code, may receive dividends and profits distributed from the earnings of the first seven years of operation free of Puerto Rico taxes, and free of U. S. income taxes—in a word, free of all taxes.

The benefits conferred by a grant of industrial tax exemption under the Industrial Incentives Act of 1954 include corporate tax exemption, tax exemption on income derived from dividends and profits of exempt industries under specified circumstances, property tax exemption, and exemption from certain franchise taxes. A grant does not cover Commonwealth exise taxes, some of which are covered by separate legislation conferring exemptions for manufacturing raw materials and production equipment. The corporate tax exemption is granted for a period of ten years, which starts with the date of application, if the applicant industry is already in production on that date, or if not, the date of commencement of operations, which is defined by regulation as 90 days from the first day of first factory production payroll.

Tax exemption on distribution of profits and dividends to stockholders is available with respect to profits derived from the first seven years of operations paid to a resident of Puerto Rico or any other jurisdiction where such income is not subject to tax. The profits of the first seven years may be retained and paid out to such persons at any time during the ensuing eight years. It may be noted here that Section 102 of the Puerto Rico Income Tax Law of 1954 imposing a surtax on unreasonable accumulations of surplus does not apply to tax exempt industries.

Exemption from real and personal property taxes is on a sliding scale, with a minimum period of five years where the total investment is less than $1,000,000, and gradations up to a period of ten years for an investment in excess of $10,000,000. Provision is made for periodic readjustment of the duration of the property tax exemption if additional investments are made of a magnitude which make the total investment elegible for a longer period of exemption.

Commercial and Tourist Investments

The Industrial Incentives Act seeks to encourage the creation of new manufacturing enterprises and the expansion of certain other enterprises specifically designated by law, which may have special significance for the economy. The Act also offers tax exemption for the establishment of adequate commercial and tourist hotels, and for the erection of industrial buildings, to be leased to tax exempt industries. It is important that it be clearly understood that the Industrial Incentives Act does not confer tax exemption benefits for income produced from non-manufacturing sources, such as investment, royalties, and other license fees, professional service fees, brokerage fees, and general commercial activities. Eligibility is limited to factory manufacturing activities, and does not extend to homework operations.

Exemption is granted to eligible industries only for substantial manufacturing activities carried on in Puerto Rico for the production of eligible products. Under the law there are two bases of eligibility. One is the provision of law under which eligibility is extended to articles which were not manufactured in Puerto Rico as of Jan. 2, 1947, and for the manufacture of which there did not exist in Puerto Rico as of that date facilities for the production of such articles. The second basis of eligibility is the designated industry section of the law, in which 31 industries involving products produced from local raw materials, or involving skills already developed on the island, or involving other possible benefits to the economy, are specifically designated as industries in which tax exemption may be available if a new unit is established after Jan. 1, 1954, which substantially increases the total volume of production of the designated article, as measured by the average production of the years 1946 to 1948. The Act also contains a "grandfather" clause for existing units of such industries established prior to Jan. 1954, which may be eligible for exemption after a new unit has been established and has become exempt.

New Products Eligibility-Basis

In general, the basis for eligibility of products involving substantial equipment or technology has, in most cases, been the "new products" section of the law. Thus a wide variety of products in the plastics, electric goods, electronics, metal products, rubber, and a wide variety of other fields have been found to be eligible under the new products section of the law. The designated industry sections of the law have afforded a basis for finding eligibility in the needlework fieldl, including men's, women's and children's outerwear, and underwear, and the food industry, industries devoted to handicraft products, and industries utilizing certain locally available raw materials.

Generally in the determination of eligibility of any given product, two important determinations must be made. The first is whether on Jan. 2, 1947 the particular product was manufactured in Puerto Rico and whether on that date facilities existed for the manufacture of such a product. In the light of the existing body of findings on eligibility which reflect investigations already carried on by the Economic Development Administration, it is possible to make a reliable preliminary prediction as to eligibility with respect to an extremely wide range of products. In a few cases our knowledge as to the state of economic development in Puerto Rico in 1947 warns us that fresh investigation is indispensably necessary before any judgment of eligibility can be made. But in all cases the final determination of eligibility is by the Governor on the basis of the entire record.

Determining Exemption-Eligibility

The second important question as to eligibility, which is applicable to all products, whether under the new industries section or the designated industries section, is whether the particular product is a manufactured product within the meaning of the law. The question is, essentially, whether sufficient processing is carried on in Puerto Rico to justify treating the operation involved as manufacturing within the law. It is extremely difficult to devise a rule of thumb in advance as to what constitutes substantial manufacturing, since in the manufacturing field there is a bewildering variety of products and processes, each presenting its own special features and problems. Where products are obviously transformed from raw materials in one form to finished products in another, by manual, mechanical or other processes, the question of substantiality is not likely to arise too often. It is more likely to arise in those situations where components in an advanced state of fabrication are subjected to further processing or where ingredients are mixed and compounded by relatively simple processes.

In the administration of the law, we have sought to avoid the application of any inflexible rules of thumb for determining the question of substantialty of manufacturing operation. The reason for this is that in our continuing experience we have been able to observe that in the almost infinite variety of possible manufactured products, the elements of labor, machinery and equipment investment, technical skill and know-how, and numerous other factors, appear in different quantities and relationships from product to product. Under the law, a broad flexibility is made available for the resolution of these problems.

The touchstone is whether the manufacturer has come in good faith, with an operation which will create the type of benefits for the economy of Puerto Rico which are sought by offering the tax exemption incentive. These benefits may be reflected not only by magnitude of employment and payroll, but also by investment, nature of the skills involved, and importance to other industries in Puerto Rico as a supplier or user of their products. Tax exemption will not be granted in those cases where a fair analysis of the facts discloses that little processing in Puerto Rico will be carried on and that in fact a substantially finished product is being sent to Puerto Rico for a sea voyage, a benediction, and a tax exemption.

Revocation Grounds

In the preamble, or statement of motives, of the Industrial Tax Exemption Law of 1948, the Legislature of Puerto Rico has expressly declared that a grant of tax exemption shall be regarded by it as in the nature of a contract, and no action will be taken by the legislature to impair that

Continued on page 29

THE MARKET . . . AND YOU

By WALLACE STREETE

Industrials repeated last week's performance this week, nudging to within a fractional touch of their all-time high and then shying away from any penetration with some mild selling following.

* * *

They had little help from the rails which last week broke through to their highest posting since 1956 but then also turned reactionary. The carriers are being influenced to a great degree by the possibilities of a steel strike which could mar their good recovery from last year's low operations and give them a rough third quarter. The rail followers, consequently, have been cautious.

Dear Money Hurts Utilities

Utilities continued their slow retreat underway some two months now. The money market is making its influence felt here, particularly since a couple of the week's new, high-rated bond issues had to be priced to yield 5% to the purchasers with the coupon rates nudging over the 5% line. It makes a common stock in a public utility yielding 4% or so anything but a bargain. In the case of Con Edison a yield of 5.05% on the bonds was the highest it has paid for long-term money in nearly a third of a century and compares with about 4¼% yield on the common stock.

* * *

The discrepancy between bond and stock yields, in fact, was one of the few danger signals flying to indicate that stock prices were high. Technicians found few other warning signs apart from the short interest that has been declining steadily and which, in setbacks, is counted on as a sustaining force to counteract selling.

Summer Rally Ahead?

With Memorial Day about at hand, the optimistic clan was counting on the summer rally, one of the more pronounced of the seasonal influences, eventually to carry the industrial average through the 640 area for the first time in history with the goals for the swing scattered anywhere between 660 and 685 depending on the yardstick used.

* * *

Attrition continued to afflict the long-popular "space age" items, notably the electronics. Raytheon, which was the first in the section to bump into reality, was a bit prominent on the lists of 1959 lows, in the process backing away some two dozen points from the peak reached this year and off half a score of points from the final posting of last year. Despite the fact that holders in this issue have had to be content with small stock dividends, never cash, the issue soared to nearly 74, against last year's low of around 21, in the rush to get aboard the electronic band wagon. Deleting it from the master list in one large brokerage house was what set off the selling, nominally.

* * *

Apart from these sections that dominated the spotlight, the overall market continued to be a collection of favorites that had already discounted much good news of the future, plus a list well sprinkled with items that have not participated at all importantly in the advance since the recession low was scored. One tabulation showed no less than 269 stocks that were selling appreciably below their highs of 1957.

Electronics Laggards

There are even some items in the electronics section that failed to participate in the recent demand for such issues, such as P. R. Mallory which hasn't yet rounded out two full years of listed trading. This issue has held in a range of around a dozen points all year and lately has been around five points under its 1957 peak. Unlike some of the other dividend-less items that soared so wildly, Mallory is a long-time dividend payer with a yield of around 3%.

* * *

Like business generally, Mallory's sales and earnings were trimmed last year but recovery showed up in the year's final quarter and continued into this year to where per share earnings for the first quarter were well above double the results in the same period last year. Company projections are for record sales and earnings this year. Up to here Mallory hasn't been as deeply involved as some of the other electronics firms in military business, some 15% of total sales acquired from such business, but is stepping up that activity and expects to double the present volume within the next three years.

* * *

Sperry-Rand is another organization deeply entrenched in electronics that has done little. Its range so far this year of 21-28 compares almost identically with the 1955 range of 21-29 posted after formation of the company by merger of Sperry Corp. and Remington Rand. Since the merger the shares have held in a tight range of only a dozen points despite the wide moves of the general market and other electronics. Sperry is a supplier to all three military services, is the largest producer of hydraulic equipment and a leading producer of office equipment ranging up to the million-dollar, massive Univac computer.

* * *

Sperry-Rand consequently is far more diversified than some of the electronic issues that have been so popular. It had some trials following the 1955 merger that affected profits and, in fact, is still not notable as a profit-maker largely because of small profit margins on government contracts. The company was affected by last year's recession but is bouncing back strongly with projections indicating its sales will reach the billion dollar level this year. Strides taken recently to improve the earnings picture should give it a substantial improvement over last year's depressed results.

* * *

While some of the other groups dependent on the steel mills have been nervous over the possibility of a steel strike, the shares of steelmakers themselves have had good popularity, enough, in fact, to carry several to historic highs while others are hovering just under them.

The Non-Cyclical Steels

For generations the steel industry was the premier boom-bust one. But in the expansion since World War II the companies have been acutely cost conscious. The first test was last year when business dropped off. The profits were thoroughly respectable, nevertheless, although operating rates had fallen to levels that automatically had been expected to produce losses. With yields of 4 to 4½% available, and profit-times-earnings ratios of 10 to 12, investors generally still seem unwilling to grant that steel companies have ceased to be ultra-cyclical. It does, however, mean that the group generally is one that is not overpriced when measured against the yields and ratios prevailing elsewhere in the list.

[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.]

N.Y. Security Analysts Outing on June 26

The Seventh Annual Outing of The New York Society of Security Analysts, Inc. will be held Friday, June 26, 1959 at the Westchester Country Club, Rye, N. Y., Ralph A. Rotnem of Harris, Upham & Co. and President of the Society announced.

The outing is featured each year by "trading" on the Society's own unlisted "NYSSA Stock Exchange."

Providence Branch

PROVIDENCE, R. I. — North American Planning Corporation has opened a branch office at 57 Eddy Street under the management of Harold G. Lash.

Newborg Branch

GARDEN CITY, N. Y.—Newborg & Co. has opened a branch office at 1001 Franklin Avenue under the direction of Basil Skelos.

John deLaittre Heads Nat'l Mutual Savings Bank Association

John deLaittre

Delegates to the 39th Annual Conference of the National Association of Mutual Savings Banks, on May 20th, elected John deLaittre, President of the Farmers and Mechanics Savings Bank of Minneapolis, to the Presidency of the National Association for the coming year. Mr. deLaittre completes a year as Vice-President of the Association and succeeds William A. Lyon, President of the Dry Dock Savings Bank of New York. This occurred at the Association's 39th Annual Convention held at Atlantic City, N. J.

Other Officers

Elected to the Vice-Presidency of the Association was Edward P. Clark, President of the Arlington Five Cents Savings Bank, Massachusetts. Alfred S. Mills, President of the Bank for Savings in the City of New York, was elected Treasurer of the Association, succeeding Frederick V. Goess, President of the Prudential Savings Bank, Brooklyn, who has served as Treasurer for the past five years.

Phil Bunnell Named by Harris, Upham & Co.

Harris, Upham & Co., 120 Broadway, New York City, members of the New York Stock Exchange, has announced that Phil W. Bunnell has been appointed manager of investments for pension funds and institutions. Mr. Bunnell was formerly an investment advisor to Mr. and Mrs. Edward S. Harkness and to the Commonwealth Fund.

Growing Nationwide Appeal of Puerto Rican Tax-Exempt Bonds

Sober appeal of Puerto Rico's tax-exempt bonds and bright story of progress from an agricultural to diversified economy documented. Topics covered in discussion of Commonwealth, Puerto Rico Water Resources, Aqueduct and Sewer Authorities, and municipal bonds include: favorable investment climate, growth rapidity, exemption from all taxes—not only Federal but also state taxes, low debt level and multiplying tax resources, tax revenue 1.82 times maximum debt service for any future year's outstanding issues, and Commonwealth's relationship to the mainland.

SAN JUAN, PUERTO RICO, U. S. A.—Institutional and individual investors today are giving more attention than ever before to Puerto Rican bonds. This is true of the bonds of the Commonwealth itself as well as those of the Puerto Rico Water Resources Authority, Puerto Rico Aqueduct and Sewer Authority and several of the municipalities, such as San Juan, capital of Puerto Rico, Ponce and Mayaguez.

Broader U. S. A. Market

The market is becoming far broader than before. Some years ago, these bonds found their market chiefly in a very limited buying area, New York and New England primarily. Now institutions all across the country and individuals in various financial centers are regular buyers.

This is directly traceable to two causes.

One is the extraordinary economic and social progress that Puerto Rico has made in the last few years.

The other is that the Government Development Bank for Puerto Rico takes its role seriously as fiscal agent for the Commonwealth and its subdivisions. The Bank has made it a point to bring the story of Puerto Rico progress clearly and regularly to the attention of investors throughout the United States. This has brought results.

Puerto Rican officials were greatly encouraged a few weeks ago on the occasion of the sale of $20,000,000 Puerto Rico Water Resources bonds.

The headlines and related newspaper stories included such phrases as: "Puerto Rico Issue Highlights Dull Market For Tax-Exempts"; "Star performance yesterday was put on by the Water Resources Authority Bonds"; "Puerto Rico Water Resources Authority Revenue Bonds resulted in a sellout"; "Puerto Rico Bonds Taken"; "Some excellent selling reported"; "Life insurance companies were buyers yesterday in the broadly distributed new revenue bonds of the Puerto Rico Water Resources Authority."

Excellent Investor Information

In telling the story of Puerto Rican bonds to investors over the past few years, the Government Development Bank of Puerto Rico has presented the facts and figures regularly against a background picture of the Commonwealth's steadily improving overall economy.

One interesting method of this presentation is the well-known "Quarterly Report to Investors," now in its sixth year, published by the Bank. A recent typical issue included a statistical summary of significant facts on the economy of Puerto Rico; a summary of an address by Governor Luis Munoz Marin "what Puerto Rico is doing to improve its industrial climate"; an illustrated article on Puerto Rico's greatly expanded hotel facilities, pointing out that tourism has increased sixfold in recent years and today ranks third as a source of income for Puerto Rico. It also included a report on the number of new industrial plants opened in Puerto Rico in the first half of the fiscal year; a story relating to a contract signed by the Water Resources Authority and the Atomic Energy Commission for a study by the Authority for a nuclear power plant. Several other illustrated stories showed Puerto Rico progress and there was also included a summary of revenues, debt service coverage and other statistics for the quarter relating to the Aqueduct and Sewer Authority and the Water Resources Authority.

When an issue of bonds of the Commonwealth or one of its subdivisions is marketed, the Bank issues a special illustrated report as it did in January and April of this year. For example, when the Commonwealth of Puerto Rico offered $20,000,000 public improvement bonds, the illustrated "prospectus" included valuable statistical information for investors and at the same time pictorially brought the Puerto Rican story up to date. A few paragraphs from this special report may be of interest:

> The Commonwealth of Puerto Rico lies on the northeast border of the Caribbean Sea, some 1,600 miles southeast of New York and 1,000 miles southeast of Miami. Its area is approximately 3,400 square miles; its population, 2,300,000.
>
> Several forces have combined in the space of a few years to transform the economy of Puerto Rico from purely agricultural to one of a more balanced system. Today the value of industrial output exceeds that of agriculture.

Praises Favorable Climate

Puerto Rico's progress can be attributed in no small measure to the long-range planning of the Commonwealth Government to create a climate favorable to private capital initiative. Important also has been the marked advance in transportation and communications since World War II. Once days away from the continental United States by boat, Puerto Rico is now only five and one-half hours by air from New York and less than four from Miami. While Puerto Rico owes much to its financial, commercial and political relationships with the continental United States, these relationships would have been of relatively little value without Puerto Rico's own efforts toward greater economic development.

Puerto Rico came under United States sovereignty by the Treaty of Paris on Dec. 10, 1898. The Congress of the United States provided for a civil rule of the island in 1900. The original act was superseded to a large extent in 1917 by the Organic Act of Puerto Rico, which granted Puerto Ricans American citizenship and unrestricted suffrage for local purposes. When the Puerto Rican Federal Relations Act authorized the people of Puerto Rico to draft and approve their own constitution, that constitution was drafted by a freely elected constitutional convention, overwhelmingly approved in a special referendum, and approved by Congress and the President. It became effective upon proclamation of the Governor of Puerto Rico on July 25, 1952.

This Constitution, drafted and adopted by the people of Puerto Rico, and ratified by Congress, provides self-government similar to that of the States. The association of Puerto Rico with the United States is based on a compact which represents on the part of Congress an irrevocable vesting of power in the people of Puerto Rico with respect to internal government. It also implies that relations between Puerto Rico and the United States have become subject to consultation and determination on the basis of mutual agreement and consent. The compact establishing this association maintains the position of Puerto Rico within the framework of the United States family. It provides for common citizenship, monetary and judicial systems and free markets. The Constitution of the United States and the laws of Congress, to the extent applicable, also apply in Puerto Rico. There are two important differences between residents of the states and residents of Puerto Rico. Residents of Puerto Rico have no vote in national elections, and are represented in Congress only by a Resident Commissioner who is seated in the House of Representatives with voice but no vote. On the other hand, with certain exceptions, no Federal income taxes apply to income derived from Puerto Rican sources.

Frequent Investor Meetings

Officials of the Government Development Bank for Puerto Rico in their effort to keep investors up to date statistically and in general on the progress of Puerto Rico have made it a point to meet frequently with groups of investors in New York and other financial centers as well as in Puerto Rico. Dr. Rafael Pico, President of the Government Development Bank for Puerto Rico, is as much at home in Wall Street as he is in the financial district of old San Juan—a city founded in 1521, still possessed of Old World charm, yet, in some respects, as modern as tomorrow.

Occasionally his busy schedule will include a meeting with institutional investors in New York one day, a luncheon with commercial and investment bankers and insurance executives in Chicago or Minneapolis next day, and a meeting the following week with groups of investors, say, in San Francisco.

Obligations Free From Taxes

The story, he and other officials have to tell about Puerto Rico, is a heartening one, and one that appeals to investors in tax-exempt bonds. He will explain, for example, that economic growth in Puerto Rico since 1940 has been very rapid. Net income of the economy has increased from a level of $225 million in 1940 to $1,079 million in 1958. Output of the economy, measured in terms of gross product adjusted for price changes, has shown an average increase of about 5.2% compounded annually. He will also point out that Puerto Rican obligations are exempt not only from Federal income taxes but also from state income taxation.

As mentioned the Commonwealth Government's program of industrialization has aided the economy to shift from one principally agricultural to one much better balanced between industry and agriculture. Concurrently with the expansion in net agricultural income from $70 million in 1939-40 to $155 million in 1957-58, manufacturing income increased from $27 million to $231 million, surpassing agriculture as a source of income.

Puerto Rican manufacturing has been increasingly diversified during the last decade and a half. In 1930-40 the manufacture of sugar products accounted for 35% of manufacturing income. By 1957-1958, less than 10% of manufacturing income resulted from this industry. Manufacturing income is now generally derived from the production of new types of manufactured commodities principally for shipment to the United States. Sush shipments amounted to only $20 million in 1947-48. By 1957-58 they had reached a total of about $254 million.

Investors are interested in the fact that in pleasant contrast to the heavy debt burdens of many governments today, only 3.8% of the Commonwealth budget is needed to meet current debt service. While Puerto Rico debt since 1940 has remained at a remarkably low level, its taxable resources have multiplied many times over.

The ratio of net Commonwealth bonded indebtedness to assessed valuation is approximately 5.41% and per capita net debt approximately $38. The only other tax-supported bonded indebtedness in Puerto Rico is that of the municipalities, which totals $27,571,000. After deducting available sinking funds, net debt of the municipalities is $21,350,404. Thus the total direct and overlapping net bonded indebtedness of the Commonwealth is about 6.76% of assessed valuations or $48 per capita. Gross bonded debt of the Commonwealth on Jan. 1, 1959 totaled $85,332,000; sinking funds, $16,516,591; net bonded debt, $68,815,409.

A similar story of progress is told by Mr. S. L. Descartes, Executive Director of the Puerto Rico Water Resources Authority and by Mr. Rafael V. Urrutia, Executive Director of the Aqueduct and Sewer Authority.

Now a Diversified Economy

As the industrial development of Puerto Rico vigorously goes forward, the Puerto Rico Water Resources Authority has been continuously expanding as it provides the additional electric power requirements for industry, commerce and homes. In less than two decades Puerto Rico has transformed itself from an agricultural economy, dominated by sugar, to a modern diversified economy. In 1956 for the first time in history industrial income surpassed farm income. This transformation has been closely related to the utilization of electric power resources.

Total power production in Puerto Rico in the 12 months ending January, 1959, amounted to 1,656 million kilowatt-hours compared with 182 million in 1941—over a ninefold growth. The average number of customers per year had risen about three and one-half times during the same period, from 100,492 to 365,255. Rapid growth of industrial power consumption, and the sharp rise in standard of living as reflected by the constant installation of more electric appliances explain the sharp increase in the use of electric power.

A substantial amount of the capital improvement program has been financed directly from revenues of the Authority. In the period from May 1, 1947 to Dec. 31, 1958, a total of $201,988,000 was invested in capital improvements; of this amount $157,996,000 had been provided from bank borrowings and the proceeds of bond issues and $43,994,000 or about 22% had come mainly from net revenues of the Authority. On Dec. 31, 1958, total assets amounted to over $279,589,000, operating and appropriated reserves were $42,165,000, net contributed capital and unappropriated earnings were $50,136,000, long-term indebtedness was $163,738,000 and outstanding notes pending long-term financing amounted to $10,700,000.

Revenues Exceed Debt Service

Total revenues for the 12 months ended Dec. 31, 1958 were $35,976,000. Current expenses for the same period were $21,535,000, leaving $14,441,000 to meet debt service requirements. The maximum debt service for any future year on outstanding issues was $7,899,193, indicating a coverage of 1.82 times.

As for the Aqueduct and Sewer Authority, as recently as 1945 the municipalities of Puerto Rico were served by 76 separate municipal water systems. Very few of these actually gave dependable service around the clock, and many lacked adequate treatment of water for drinking purposes. A good deal of duplication existed in the services provided by administration and accounting staffs required for this multiplicity of agencies, and scarcity of technical personnel hampered them in carrying out balanced extensions and improvements. Meanwhile the rapid growth of industry continued to place ever-growing demands upon the water systems.

Today every municipality in Puerto Rico has a continuous supply of safe drinking water for which a uniform rate is paid everywhere. All but 12 communities have sanitary sewers, and pay a standard service charge amounting to one-third of the water bill. Accounting and billing for water and sewers throughout the entire Commonwealth are handled from a single central office in San Juan, using the most modern punch-card techniques. Sources of supply capable of providing for all foreseeable population and industrial growth are already in hand, and plans for the orderly development of these resources have been made.

Outstanding long-term debt of the Aqueduct and Sewer Authority now totals $28,237,000 with maximum annual debt service earned 2.33 times. Total assets of the Aqueduct and Sewer Authority on Dec. 31, 1958 amounted to $126,261,369; utility plant in service, $93,869,669; construction work in progress, $20,723,979; total revenues, $2,215,162; net revenues after current expenses, $1,136,527; number of customers, 228,709.

Public Relations Program

This bright story of Puerto Rico's progress is presented regularly to investors through news and feature stories in the financial and business press; through a modest program of advertising; through a motion picture presenting the story of Puerto Rico that investors would bet if they visited the Island; through special booklets, pamphlets and reports to institutional investors throughout the United States; by direct mail, and through personal meetings with investors in key financial centers from month to month and year to year. The Government Development Bank for Puerto Rico, as fiscal agent for the Commonwealth and its subdivisions, maintains an office at 37 Wall Street, which serves as a clearing house for information directed to investors in Puerto Rican securities.

Miami Extruders, Inc. Common Stock Offered

Aetna Securities Corp., Roman & Johnson, Stanley Heller & Co. and Michael G. Kletz & Co., Inc., on May 25 publicly offered 175,000 shares of common stock (par 10 cents) of Miami Extruders, Inc. at $3 per share. Proceeds will be used for expansion purposes repayment of short-term bank loans, and to augment working capital.

The company was incorporated in Ohio on March 14, 1947, under the name of Shekter and Cousins Co., Inc. The present name of the company was adopted on April 18, 1955. The company since December, 1955 to date has been engaged exclusively in the manufacture of aluminum extrusions. The principal offices are located at 7575 N. W. 37th Ave., Miami, Fla.

With Keenan & Clarey

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Stanwood N. Osgood has been added to the staff of Keenan & Clarey, Inc., Pillsbury Building.

Two With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Roger H. Lasley and Raymond A. Laurence are now connected with Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

With Lakewood Secs.

LAKEWOOD, Ohio — Harry J. Greer has been added to the staff of Lakewood Securities Corporation, 14714 Detroit Avenue.

NEW ISSUES

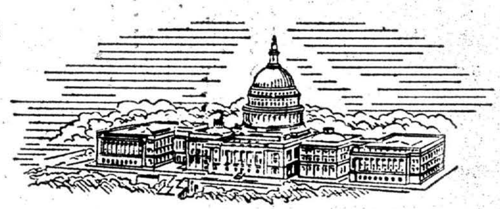
May 27, 1959

$104,760,000

New Housing Authority Bonds

The Bonds of each issue will be secured by a first pledge of annual contributions unconditionally payable pursuant to an Annual Contributions Contract between the Public Housing Administration and the Local Public Agency issuing said Bonds in the opinions of bond counsel. Said annual contributions will be payable directly to the fiscal agent of said Local Public Agency in an amount which, together with other funds of the Local Public Agency which are actually available for such purpose, will be sufficient to pay the principal of and interest on the Bonds when due.

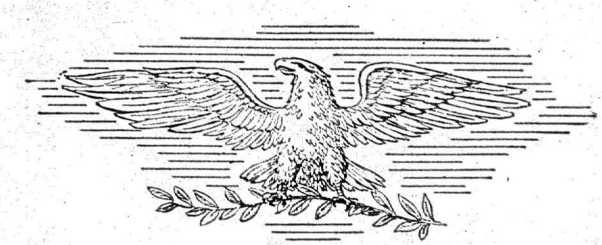
The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the aforesaid Annual Contributions Contracts.



Quotation from an opinion, dated May 15, 1953, of the Attorney General of the United States, to The President of the United States:

"IN SUMMARY, I AM OF THE VIEW THAT: * * * A CONTRACT TO PAY ANNUAL CONTRIBUTIONS ENTERED INTO BY THE PHA[1] IN CONFORMANCE WITH THE PROVISIONS OF THE ACT[2] IS VALID AND BINDING UPON THE UNITED STATES, AND THAT THE FAITH OF THE UNITED STATES HAS BEEN SOLEMNLY PLEDGED TO THE PAYMENT OF SUCH CONTRIBUTIONS IN THE SAME TERMS ITS FAITH HAS BEEN PLEDGED TO THE PAYMENT OF ITS INTEREST-BEARING OBLIGATIONS."

[1]Public Housing Administration. [2]United States Housing Act of 1937, as amended.



Interest Exempt, in the opinion of counsel to the Underwriters, from Federal Income Taxes by the provisions of the United States Housing Act of 1937, as amended.

Legal Investments, in the opinion of counsel to the Underwriters, for Savings Banks and Trust Funds in New York and certain other States, except that the Bonds of the Puerto Rico Agency are not Legal Investments for Trust Funds in the State of New York.

Bonds Issued by Local Public Agencies which are, or are located in:

Scale B		
$ 1,545,000	Clinton, Mass.	3¾% due 1960-1999
3,795,000	Dayton, Ohio	3¾% due 1960-1999
1,170,000	Durham, N. C.	3¾% due 1960-1993
3,825,000	Raleigh, N. C.	3¾% due 1960-1999
Scale C		
$24,180,000	Chicago, Ill.	3¾% due 1960-1998
36,325,000	New York, N. Y.	3¾% due 1961-2000

Scale D

$1,815,000	Bayonne, N. J.	3⅞% due 1960-1999	$2,085,000	Lorain, Ohio	3⅞% due 1960-1999
1,210,000	Columbus, Ga.	3⅞% due 1960-1998	1,425,000	Mount Clemens, Mich.	3⅞% due 1960-1999
965,000	Edison Township, N. J.	3⅞% due 1960-1999	8,340,000	Puerto Rico (First Issue)	3⅞% due 1960-1992
1,110,000	Fort Lauderdale, Fla.	3⅞% due 1960-1999	4,740,000	Puerto Rico (Second Issue)	3⅞% due 1960-1999
1,240,000	Jackson County, Ill.	3⅞% due 1960-1999	1,625,000	Putnam, Conn.	3⅞% due 1960-1999
3,485,000	Lake Charles, La.	3⅞% due 1960-1999	1,575,000	Reno, Nev.	3⅞% due 1960-1999
1,550,000	Las Vegas, Nev.	3⅞% due 1961-2000	2,755,000	Waco, Tex.	3⅞% due 1960-1999

Maturities, Yields and Prices

Scale B	Scale C	Scale D	Scale B	Scale C	Scale D	Scale B	Scale C	Scale D

1962	2.45	2.45	2.45	1976	3.40	3.40	3.40	1989	3.70	@ 100	3.80
1963	2.60	2.60	2.60	1977	3.40	3.40	3.45	1990	3.70	@ 100	3.80
1964	2.70	2.70	2.70	1978	3.45	3.45	3.50	1991	@ 100	3.80	3.85
1965	2.80	2.80	2.80	1979	3.45	3.45	3.55	1992	@ 100	3.80	3.85
1966	2.90	2.90	2.90	1980	3.50	3.50	3.60	1993	@ 100	3.80	3.85
1967	2.95	2.95	2.95	1981	3.50	3.55	3.60	1994	@ 100	3.80	3.85*
1968	3.00	3.00	3.00	1982	3.55	3.60	3.65	1995	3.80	@ 98½	@ 100
1969	3.05	3.05	3.05	1983	3.60	3.65	3.70	1996	3.80	@ 98½	@ 100
1970	3.10	3.10	3.10	1984	3.60	3.65	3.70	1997	3.80	@ 98½	@ 100
1971	3.15	3.15	3.15	1985	3.65	3.70	3.75	1998	3.80	@ 98½	@ 100
1972	3.20	3.20	3.20	1986	3.65	3.70	3.75	1999	3.80	@ 98½	@ 100
1973	3.25	3.25	3.25					2000	—	@ 98½	@ 100

(and accrued interest)

*Priced to first par call date.

The Bonds of each issue will be callable ten years from their date at a call price of 104 and accrued interest, and thereafter, at the times and call prices, as stated in the Offering Prospectus.

The Bonds are being offered, subject to award, when, as and if issued and received by us, and subject to approval of legality, with respect to each issue, by bond counsel to the Underwriters. The offering is not made hereby, but only by means of the Offering Prospectus, copies of which may be obtained from such of the undersigned and other Underwriters as are registered dealers in this State.

Phelps, Fenn & Co. Lehman Brothers Blyth & Co., Inc. The First Boston Corporation Smith, Barney & Co. Shields & Company Goldman, Sachs & Co. Harriman Ripley & Co. Incorporated R. W. Pressprich & Co.

The First National City Bank of New York

Drexel & Co. Eastman Dillon, Union Securities & Co. Equitable Securities Corporation Merrill Lynch, Pierce, Fenner & Smith Incorporated Stone & Webster Securities Corporation White, Weld & Co. Bear, Stearns & Co.

A. C. Allyn and Company Incorporated Baxter & Company Alex. Brown & Sons Coffin & Burr Incorporated Estabrook & Co. Gregory & Sons Ira Haupt & Co. Hemphill, Noyes & Co. Hornblower & Weeks Lee Higginson Corporation

F. S. Moseley & Co. Paine, Webber, Jackson & Curtis Reynolds & Co. L. F. Rothschild & Co. Schoellkopf, Hutton & Pomeroy, Inc. Dean Witter & Co. Wood, Struthers & Co. American Securities Corporation

Bacon, Stevenson & Co. A. G. Becker & Co. Incorporated Braun, Bosworth & Co. Incorporated Clark, Dodge & Co. R. S. Dickson & Company Incorporated First of Michigan Corporation Hirsch & Co. Kean, Taylor & Co. Wm. E. Pollock & Co., Inc.

J. C. Bradford & Co. Courts & Co. F. W. Craigie & Co. Francis I. duPont & Co. Eldredge & Co. Incorporated Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. Geo. B. Gibbons & Company Incorporated Hallgarten & Co. E. F. Hutton & Company

W. E. Hutton & Co. McDonald & Company The Ohio Company Rand & Co. Roosevelt & Cross Incorporated Shearson, Hammill & Co. Stern Brothers & Co. Stroud & Company Incorporated Tucker, Anthony & R. L. Day Chas. E. Weigold & Co. Incorporated

Bankers Trust Company The Chase Manhattan Bank Chemical Corn Exchange Bank Morgan Guaranty Trust Company of New York Harris Trust and Savings Bank The First National Bank of Chicago C. J. Devine & Co. Kidder, Peabody & Co. Salomon Bros. & Hutzler

The Northern Trust Company The Philadelphia National Bank Carl M. Loeb, Rhoades & Co. The First National Bank of Oregon Ladenburg, Thalmann & Co. W. H. Morton & Co. Incorporated Weeden & Co. Incorporated

Dick & Merle-Smith Security-First National Bank B. J. Van Ingen & Co. Inc. Seattle-First National Bank Blair & Co. Incorporated Dominick & Dominick Hayden, Stone & Co. The Marine Trust Company of Western New York

Bache & Co. Bacon, Whipple & Co. Barr Brothers & Co. City National Bank & Trust Co. Kansas City, Mo. Fidelity Union Trust Company Newark Glickenhaus & Lembo Industrial National Bank Providence, R. I. Laidlaw & Co.

Baker, Watts & Co. Federation Bank and Trust Company A. M. Kidder & Co., Inc. Mercantile-Safe Deposit and Trust Company National Bank of Commerce of Seattle National Bank of Westchester White Plains, N. Y. The Peoples National Bank of Charlottesville, Va.

Third National Bank in Nashville Trust Company of Georgia Tilney and Company Tuller & Zucker G. H. Walker & Co. J. C. Wheat & Co.

Puerto Rico's Bank Resources Reach New Record High

Record high growth in Puerto Rican banking reflects the Island's investment opportunities, considerably expanded financial services, easy access to mainland's capital market, and closer integration with Federal Reserve Banking system. Despite our recession, Puerto Rico's bank debits during fiscal 1958 to date increased one-fifth compared to 5% in preceding fiscal year. Some of the recent years' accomplishments include: elimination of exchange charges, new and efficient intra-island and inter-Federal Reserve Bank of New York check clearings and a 19% capital formation rate, and the Island's first investment company organized under the 1954 Investment Companies Act of Puerto Rico.

SAN JUAN, Puerto Rico, U.S.A.

Puerto Rico's flourishing banking system which this Spring achieved a new record high of $600 million-plus in resources, attests to the sustained vitality of the Caribbean Commonwealth under "Operation Bootstrap."

Under the leadership of the Economic Development Administration this unique industrialization program has to date brought Puerto Rico over 550 new factories and 40,000 factory jobs and is stimulating growth on every economic front.

Step off the plane at San Juan and you will note investment opportunities of all kinds in the form of construction—office buildings, apartments, roads, schools, supermarkets, and plush tourist spots, not to mention the 100 or more EDA-sponsored plants now opening in the island each year. Or drive to the outskirts of this lovely capital city and you will see trucks loaded with refrigerators and appliances heading for the small towns along the coast or in the interior of this 100-mile-long, 35-mile-wide subtropical island.

Record Banking Business

Amidst this bustling scene, Puerto Rico's 13 banks are doing a record business. While providing financing to construction and industry is an important part of their volume, the island's banks make loans to finance the Commonwealth's sugar cane, tobacco and coffee crops.

With Puerto Ricans now buying more than $700 million worth of goods from abroad (90% of this comes from the U. S. mainland), the banks also do a considerable import business too.

From the States come automobiles, steel, beans, rice, lard, meat, and raw materials fashioned into finished product by the new Bootstrap industry. From Canada, lumber and codfish. From Japan, toys. From Germany, Belgium and France, small cars.

Banks also are in the financing of loans for housing projects under the FHA and the other housing developments now under construction in the suburbs of the large cities, for the rising middle class.

Banking in Puerto Rico benefits considerably from the island's unique Commonwealth relationship with the Continental U. S. Since 1958, for example, Puerto Rico has been a part, though a special and in some respects limited part, of the Second Federal Reserve District. This is another step integrating and making stronger the Commonwealth's monetary mechanism with that of the Continental U. S.

The recent arrangement follows upon a series of steps taken in recent years to adapt the island's monetary and banking system to the rapidly changing needs of the economy.

Significant changes include the basic revisions in Puerto Rico's banking code, the extension of Federal Deposit Insurance to the island, the improvement of coin and currency facilities, and the establishment of a central clearing mechanism for intra-island checks.

Easy Access to Capital Markets

The close tie-in of Puerto Rico's monetary and banking structure with the mainland, along with the integrated legal and judicial system of the two areas has greatly facilitated the Commonwealth's access to the United States capital market.

Hence, Puerto Rican Government obligations are traded in the United States on the same tax-free basis as the obligations of the State and local authorities, and private Commonwealth borrowers may enter the U. S. market for long-term funds on the same basis as mainland borrowers.

This ready access to the U. S. capital markets is making it possible for Puerto Rico to maintain an extremely high rate of capital formation, around 19% of the gross national product.

In addition to the sale of securities in the mainland market, Puerto Rico has also had access to Federal long-term lending agencies operating in Puerto Rico.

Thus, the Federal credit system has played an active part in extending mortgage and other medium- and long-term loans to Puerto Rican farmers. Other long-term credit facilities for the industrial and commercial sector have been provided by the Small Business Administration, which has functioned in Puerto Rico since 1953. Another key factor in attracting private mainland funds into the financing of private construction has been the Federal Housing Administration, which has made mortgage insurance facilities available in Puerto Rico.

Also, much progress has been made in recent years in streamlining the island's check-clearing mechanism, which has diminished the volume of uncollected balances. Teamwork between Federal Reserve technicians, the Puerto Rican Government, and the commercial banks in Puerto Rico, produced a clearing system that draws heavily on the experience and techniques developed on the mainland.

Tie-in With Federal Reserve System

Puerto Rico's banks have set up an intra-island check collection system with the Government Development Bank, acting as Settling Agent. An important tie-in with the Federal Reserve System was effected when the Government Development Bank was granted permission to establish a non-member clearing account with the Federal Reserve Bank of New York.

Fundamental revisions have also been made since 1950 in the Commonwealth's banking statute, resulting in improved bank supervision and examination, stronger bank-capital structures, and better safeguards against unsound and speculative banking practices. In 1950, too, the locally chartered banks were specifically authorized to affiliate themselves with the Federal Reserve System, and recently legislation has been introduced in Puerto Rico amending the Commonwealth's banking code so as to exempt the locally chartered banks from local reserve requirements in the event of Federal Reserve membership.

A significant step linking Puerto Rico with the Second Federal Reserve District was taken last year when the island became part of the District for purposes of check collection. This step, which followed the adoption of par clearance of checks by the Commonwealth banks, enhances the mobility of funds between the mainland and Puerto Rico, and makes an additional Federal Reserve service available to the Puerto Rican banking system.

The Puerto Rican banks' previous practice of levying exchange charges on checks involving the transfer of funds between the Commonwealth and the mainland, while representing a lucrative source of bank earnings, not only barred the collection of checks through the Federal Reserve System, but also marked Puerto Rico as a "foreign" area.

While the elimination of exchange charges involves an estimated loss in gross bank earnings of some $500,000 annually, this reduction is likely to be offset at least in part by the "repatriation" of deposits previously kept with mainland banks in order to avoid these charges.

Banks Hit Record High

Thus, spurred by these changes and rapid industrialization, Puerto Rico's banks in fiscal 1958 enjoyed a remarkable year despite the recession in the States. The 11 private commercial banks opened 25 new units, at 32% jump. Seven of these were the conventional branches, 18 were mobile banking bus-mobiles which brought lending and saving facilities to 15 Puerto Rican towns for the first time. Total of banking units is now 104.

Stateside banks with Puerto Rican branches are First National City Bank and the Chase Manhattan Bank. Two Canadian branches are in Puerto Rico; Royal Bank of Canada and the Bank of Nova Scotia.

These are the Puerto Rican banks: Banco Popular de Puerto Rico, Banco Credito Y Ahorro Ponceno, Banco de Ponce, Banco de San Juan, Roig Commercial Bank, Banco de Economias Y Prestamos, Banco de San German. Also — The Government Development Bank for Puerto Rico which provides long-term loans to new industry is not competitive with commercial banks.

This Spring, Puerto Rico's bank resources passed the $600 million level for the first time. Official figure: $606,266.142.

Up, too, were deposits which were $55.25 million higher than last Spring's $444 million. Savings accounts, up also, totaled $137 million for a hike of $15 million. Commercial accounts were ahead of 1958 by $18.6 million while loans increased to $376 million, some $47 million over the year previous.

Bank investments resumed their secular upward trend this year after a slight decline in fiscal 1957. Bank security holdings totaled $119.6 million on June 30, of this year, some $4 million or 3.5% more than a year earlier. This increase reflects mainly expansions in the holding of obligations of the Federal Government and Puerto Rican municipalities.

Bank Debits Increase One-Fifth

The volume of bank debits, which is generally accepted as a fairly accurate indicator of the level of economic activity, rose to $535.0 million this year. This volume represents an expansion of 20% during fiscal 1958, compared with only 5% during the preceding fiscal year. Bank debits consist of charges made or checks drawn against demand deposits, as well as charges to savings accounts.

Another type of financial institution whose physical facilities expanded greatly during fiscal year 1958 was the savings and loan association. Two new associations—one in Mayaguez, another in San Juan—started operations this year, joining the one institution which has been in operation since 1950. These three organizations had a total of 7 established offices. At the end of the fiscal year it was reported that the establishment of new associations in Arecibo, Ponce and Caguas had been authorized.

Investment in share accounts of these associations increased by 22% during this year, amounting to $39.7 million as of June 30. The aggregate number of active share accounts for all the institutions was 44,155, an increase of 26% during the year.

Investment Company Formed

Another important advancement in the effort to endow Puerto Rico with institutions providing a complete line of financial services was attained this year with the establishment of the first investment company organized under the 1954 Investment Companies Act of Puerto Rico. The new organization is authorized to invest in all classes of securities issued by private firms and government agencies within, as well as without, Puerto Rico. The new company will issue only common stock which will be sold to the general public.

The 1954 Investment Companies Act of Puerto Rico offers this type of enterprise exceptional tax advantages. Under the Act, investment companies are entirely exempt from taxes, including income taxes, during every fiscal year in which they distribute at least 90% of their income from investment (dividends, income from rent, and interest). These companies are not subject to the capital gains tax and such gains may be accumulated indefinitely. In addition, the stockholders do not pay taxes on that part of the dividends received from the company which constitutes income from exempt sources.

Factoring is another financial service offered to businessmen in Puerto Rico for the first time this year. This service enables private firms to finance their operations through loans guaranteed by their accounts receivable. This new financial service will be provided by a factoring company which was established this year. This company, a joint venture of private Puerto Rican investors and the Puerto Rico Industrial Investment Company, a government corporation, is expected to have an annual volume of business of some $9 million. It will specialize in furniture industry accounts.

Banking Institutions Operating in Puerto Rico (June 30, 1958)

Bank	No. of Units	Total Assets (millions)	Total Deposits (millions)
Private Commercial:			
Commonwealth chartered—			
Banco Popular de Puerto Rico	33	$122.3	$109.7
Banco Credito y Ahorro Ponceno	24	89.9	79.7
Banco de Ponce	*14	57.0	51.2
Banco de San Juan	3	11.9	10.7
Roig Commercial Bank	5	5.9	4.9
Banco de Economias y Prestamos	3	3.1	2.4
Banco de San German	1	2.3	1.9
State chartered—			
The Chase Manhattan Bank	4	64.3	49.2
National chartered—			
The First Natl. City Bank of N. Y.	9	97.1	92.9
Foreign—			
The Royal Bank of Canada	5	17.1	16.1
The Bank of Nova Scotia	3	14.7	6.4
Government:			
Govt. Develop. Bank for Puerto Rico	1	63.8	20.5
Puerto Rico Bank for Cooperatives	1	2.1	--
Total	106	$551.5	$445.6

*Does not include two units established in the United States.

Consolidated Edison Bonds Offered by Morgan Stanley Group

Morgan Stanley & Co. and 54 associated investment firms are offering for public sale on May 27 a new issue of $75,000,000 Consolidated Edison Company of New York, Inc. first and refunding mortgage bonds, 5⅛% series P, due June 1, 1989. The bonds are priced at 101.15% and accrued interest to yield 5.05% to maturity. The group purchased the issue at competitive sale May 26 with a bid of 100.3291% for the 5⅛% coupon.

The net proceeds from the sale will be applied by the utility company to the retirement of short-term bank loans, estimated at $27,000,000, and toward the cost of the company's construction program.

The company is engaged in a construction program which, it is estimated, will involve expenditures for the years 1959 through 1963 of approximately $1,000,000,000, of which $914,000,000 is for electric facilities, $38,000,000 for gas facilities, $18,000,000 for steam and $30,000,000 for common plant. Such expenditures include the acquisition, at an estimated cost of approximately $126,000,000 payable over a three year period, of three New York City power plants which supply electricity to the BMT and IRT divisions of the New York City transit system.

The company estimates the construction program will require the sale of an additional $550,000,000 of securities.

At Dec. 31, 1958, outstanding capitalization of Consolidated Edison consisted of $894,623,000 of long-term debt, $175,000,000 $5 cumulative preferred stock and common stock and surplus of $729,574,000.

The company's electric service territory includes the five boroughs of New York City. Gas service is supplied in the boroughs of Manhattan and The Bronx and in sections of Queens and Westchester County; and steam service in part of Manhattan.

The bonds will be redeemable at the option of the company at prices ranging from 106.15% on or prior to June 30, 1959 and thereafter at prices decreasing to the principal amount on and after June 1, 1988.

Stires to Address Canada-U. S. Analysts

Hardwick Stires, Chairman of The Committee of Canadian Investment Companies and President of Scudder Fund of Canada Ltd., will speak in Montreal, Monday, June 15 on "Capital For Canada" before a joint meeting of Canadian and U. S. financial analysts. The occasion will be the opening luncheon of the Convention of the National Federation of Financial Analysts Societies at the Queen Elizabeth Hotel, Montreal.

Felix Hessberg

Felix Hesberg, member of the American Stock Exchange passed away on May 16th.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The First National City Bank of New York has announced the appointment of John C. Macy as deputy comptroller.

Mr. Macy joined the First National City Bank in 1927 and served in the Comptroller's Division as assistant comptroller until 1956 when he became associated with the Operations Group of the Overseas Division as Assistant Vice-President.

* * *

The appointment of Lloyd Speed Stone as an Assistant Vice-President of **Manufacturers Trust Company, New York,** was announced by Horace C. Flanigan, Chairman of the Board of Directors.

Mr. Stone joined the staff of Manufacturers Trust Company in 1939. In 1952 Mr. Stone was appointed an Assistant Secretary of the bank. He is assigned to its office at 149 Broadway, Manhattan.

The appointment of Ernest J. Kropp as an Assistant Vice-President was also announced.

Mr. Kropp joined the bank in 1940. He was appointed an Assistant Manager in 1956, and an Assistant Secretary the same year. In 1959 he was transferred to the Specialized Loan Department of the Head Office, 44 Wall Street.

* * *

Chemical Corn Exchange Bank, New York, has elected William E. Eppler to its Upper Midtown Area Advisory Board, it was announced by Harold H. Helm, Chairman.

* * *

The directors of **Commercial Bank of North America, New York,** have voted a 25% increase in the semi-annual stock dividend, consisting of 2½% as against 2% heretofore, thus placing the stock on a 5% annual stock dividend basis, in addition to such cash dividend as may be voted at the end of the year, which was 25c a share in 1958.

This stock dividend is payable on June 30 to stockholders of record at the close of business on June 19.

* * *

Byron L. Harrison resigned as President of **The Gotham Bank, New York.**

* * *

East River Savings Bank, New York, quarter-centurians celebrated at the annual meeting of the bank's Quarter Century Club on May 21.

* * *

Elmer M. Harmon was elected on May 25 **Assistant Vice-President of the Bowery Savings Bank, New York.**

* * *

J. Wilbur Lewis, President and Trustee of **Union Dime Savings Bank, New York City,** died May 20, at a dinner celebrating the 100th Anniversary of the bank. He was in his 67th year and had been associated with the bank 43 of its 100 years.

Mr. Lewis' career with Union Dime Savings Bank began as a clerk in 1911. In 1924 he was elected an Assistant Secretary of the bank and 10 years later he became Assistant Treasurer and a year later Treasurer. In 1936 he was elected a trustee, a Vice-President in 1937 and Executive Vice-President in 1944. Since 1948 he has been President and at the time of his death was not only the Senior Executive Officer but also senior in length of service. Mr. Lewis was a director of **The Bank of New York** and formerly served as a director of the **Savings Banks Trust Company.**

* * *

Al Kevelson was elected Chairman of **Central Industrial Bank, Brooklyn, N. Y.**

* * *

Arthur Hug, Jr., has been elected a Vice-President of the **Security National Bank of Long Island, New York,** Herman H. Maass, President, announced.

Mr. Hug joined Security in 1957 as Director of Public Relations.

* * *

Plans for a merger between **Marine Midland Trust Co. of Mohawk Valley, Utica, N. Y.** and **Ilion National Bank & Trust Co., Ilion, N. Y.** are underway. The proposed merger, if approved, would be the second acquisition this year by Marine Midland Corp. **Northern New York Trust Co.** purchased the **Adirondack National Bank & Trust Co., Saranac Lake, N. Y.** earlier this year.

* * *

At the regular meeting of the Board of Directors of the **Rockland-Atlas National Bank of Boston, Boston, Mass.,** Arthur E. Gilman, was elected a Director.

* * *

Horace F. Hallett, President of the **First National Bank, Provincetown, Mass.,** since 1936, died May 25 at the age of 66.

* * *

The common capital stock of **The Garden State National Bank of Teaneck, N. J.,** was increased from $200,000 to $500,000 by a stock dividend, effective May 12, (Number of shares outstanding—50,000 shares, par value $10).

* * *

The Port Newark Office of the **Fidelity Union Trust Company, Newark, N. J.,** opened for business on May 26.

* * *

The Board of Directors of **The McDowell National Bank of Sharon, Sharon, Pa.,** announced the election of Lloyd P. Beachy as Vice-President and Comptroller.

* * *

Archie W. Mabon has been elected Vice-President of **Western Pennsylvania National Bank, McKeesport, Pa.,** third largest national bank in the Pittsburgh area.

Mr. Mabon, who is Loan Comptroller and Supervisor of the Credit Department, has been with the bank since March 17, 1958. Previously, he was employed by **Merchants National Bank and Trust Company, Syracuse, N. Y.,** and by **Continental Bank and Trust Company** and **Chemical Bank and Trust Company,** both of New York City.

* * *

Richard G. Miller has been appointed Vice-President in the Trust Department of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** Frank R. Denton, Vice-Chairman of the bank, announced.

He started his banking career with **The Union Trust Company of Pittsburgh** in 1926. In 1937 he was appointed Assistant Secretary, in 1941 Assistant Trust Officer and in 1945 was promoted to Trust Officer. Mr. Miller joined Mellon Bank in 1946 at the time of the merger of the two banks, and two years later was appointed Assistant Vice-President.

Mr. Miller has been in the Trust Department during his entire career with the bank.

Also appointed Vice-President was Jerome P. Corcoran in the Trust Department.

Mr. Corcoran started with The Union Trust Company of Pittsburgh in 1918 as a Teller in the Banking Department. A year later he was assigned to the Trust Department, and in 1932 was appointed Assistant Secretary. In 1937 Mr. Corcoran was promoted to Assistant Trust Officer and in 1944 Trust Officer. He joined Mellon Bank in 1946 at the time of the merger of the two banks and became Assistant Vice-President in 1948.

Cleveland D. Rea has been appointed Assistant Vice-President in the Trust Department.

Mr. Rea came to Mellon Bank in 1946, assigned to the Trust Department. In 1948 he was appointed an Assistant Trust Officer and in 1950 a Trust Officer.

* * *

Robert L. Conaway, Loring E. Dambaugh and William M. Stark have been named Assistant Vice-Presidents of **Fidelity Trust Company, Pittsburgh, Pa.** Messrs. Dambaugh and Stark are located in the bank's main office, 414 Wood Street, and Mr. Conaway will maintain his office in the Frick Building Annex.

Mr. Conaway, formerly an Assistant Treasurer, has been with Fidelity continuously since August, 1929, except a brief period in 1955 when he left to help organize **Citizens National Bank at Beaver Falls.**

Mr. Dambaugh commenced his banking career with the **First National Bank at Ellwood City.** In 1947, he became affiliated with **Keystone National Bank in Pittsburgh** prior to that bank's merger with the former **Colonial Trust Company** which was in turn merged with Fidelity.

Formerly an Assistant Secretary of Fidelity, Mr. Stark began his banking career as an Assistant Cashier at the **First National Bank in Rimersburg, Pa.** He later was Cashier and Director of the **First National Bank in New Bethlehem, Pa.,** for 13 years and when that bank became the New Bethlehem office of the **First Seneca Bank & Trust Company** he was appointed Vice-President and Manager, the position he held until joining Fidelity in 1957.

Also announced were plans for merging **Peoples First National Bank & Trust Company** and **Fidelity Trust Company,** agreed upon May 20 by their respective Boards of Directors, and which will be submitted at the earliest practicable date for the approval of the Comptroller of the Currency and the stockholders of the two institutions.

According to a joint statement by Frank E. Agnew, Jr. and John A. Byerly, Presidents respectively of the two banks, the proposed combination will be a bank 28th in size in the United States, with total resources of nearly a billion dollars. It will also be one of the nation's largest trust companies. The proposed name is **First National Bank of Pittsburgh.**

Mr. Byerly has been selected by the directors as Chairman of the board and Mr. Agnew as President of the new bank. John H. Lucas, now board Chairman of Peoples First, will serve as Vice-Chairman of the Board of Directors and Philip K. Herr now Fidelity's Vice-President in charge of trusts, is to be Senior Vice-President.

A committee representing the two Boards of Directors has been appointed to formulate detailed merger plans, which will be submitted as quickly as possible for stockholder action. This and related steps may take considerable time.

* * *

Frederick William Woodruff, 73, died May 20. Mr. Woodruff was Board Chairman of the **First National Bank of Joliet, Joliet, Ill.**

* * *

The election of Charles A. J. Kotcher to the Board of Directors of **Public Bank, Detroit, Mich.,** has been announced by Joseph F. Verhelle, President.

* * *

American National Bank and Trust Company of Chattanooga, Chattanooga, Tenn., increased its common capital stock from $2,500,000 to $3,000,000 by a stock dividend, effective May 15, (Number of shares outstanding—150,000 shares, par value $20).

* * *

The First National Bank of Winston - Salem, Winston - Salem, N. C., increased its common capital stock from $800,000 to $1,000,000 by the sale of new stock, effective May 12, (Number of shares outstanding — 100,000 shares, par value $10).

* * *

A. F. "Tony" Spatafora, has been elected to the Board of Directors of the **Bank of Louisiana in New Orleans, La.**

The announcement of this election was made by James F. Quaid, President, following the monthly meeting of the Board of Directors.

* * *

By a stock dividend, the common capital stock of **The Valley National Bank of Phoenix, Ariz.,** was increased from $8,154,665 to $8,399,300, effective May 15, (Number of shares outstanding—1,679,860 shares, par value $5).

* * *

Pocatello National Bank, Pocatello, Idaho, was granted a charter by the office of the Comptroller of the Currency. W. B. Rolfe is President and George H. Jones is Cashier. The bank has a capital of $250,000 and a surplus of $150,000.

* * *

The First National Trust and Savings Bank of San Diego, Calif. increased its common capital stock from $4,752,000 to $5,280,000 by the sale of new stock, effective May 14.

* * *

The Board of Directors of **American Trust Company, San Francisco, Calif.,** announces the election of Harris C. Kirk as Chairman of the Board and Chief Executive Officer.

* * *

Following careful study **California Bank** has entered the field of revolving consumer credit with a plan including life insurance, Frank L. King, President, has announced.

According to King, the bank surveyed a number of outstanding credit plans across the nation before formulating its own. The resulting plan, known as "Insured Ready Cash," IRC, incorporates the best features of those studied.

Insured Ready Cash creates an actual deposit credit account for the customer against which he may cash checks any time for any purpose. The maximum amount the customer may apply for is limited only to the amount he may properly service. A statement is mailed monthly showing interest charges only on the amount that has actually been used, plus a small charge for each check cashed.

An important feature of IRC is that the balance owing is fully covered by life insurance. The applicant does not have to be a customer of the bank.

The plan, which went into effect this week, is available at any of California Bank's 66 offices.

Crucible Steel Company Offers Preferred Stock To Common Holders

Crucible Steel Co. of America is offering its common stockholders of record May 26, 1959, rights to subscribe at $100 per share for 99,885 shares of 5¼% cumulative convertible preferred stock, par $100, at the rate of one share of preferred for each 38 shares of common stock then held. The offer, which will expire June 9, 1959, is being underwritten by a group headed by The First Boston Corporation.

The new preferred stock is convertible, at any time prior to redemption, into common stock at $29 per share subject to adjustment. It is redeemable at the option of the company at redemption prices ranging from 105.25% for shares redeemed prior to June 1, 1964, to 100% for shares redeemed on or after June 1, 1974.

Proceeds from the sale of the new preferred stock will be applied to the cost, estimated at $23,000,000, of additional facilities at the company's Midland Works. In addition, the company is negotiating the sale to institutional investors of $15,000,000 first mortgage bonds, due 1984, to provide the balance of the funds needed.

Crucible Steel is a principal producer of special purpose steels, including high speed, tool, die, valve, stainless and other alloy steels. It is a leading producer of titanium metal and its alloys, vacuum melted steels and certain other alloys based on nickel and cobalt. It also produces specialty carbon steels, electrical steels, permanent magnets, and certain fabricated steel products.

Total sales of the company in 1958 amounted to $186,711,480 and net income to $4,274,793. This compares with total sales of $236,389,698 and net income of $6,543,594 in 1957.

Giving effect to the sale of the new preferred stock and the new first mortgage bonds, capitalization of the company at March 31, 1959 was: $38,472,000 in debt; 99,885 shares of cumulative convertible preferred stock, par $100; and 3,795,631 shares of common stock, par $12.50

Now With Jay C. Roberts

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—J. Harlan Pease has become affiliated with Jay C. Roberts & Co., Third National Bank Building. He was formerly with Coburn & Middlebrook, Inc. and in the past with du Pont, Homsey & Co.

With Midland Securities

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Guy P. Entsminger is with Midland Securities Company, Inc., 1016 Baltimore.

Public Utility Securities

By OWEN ELY

Tampa Electric Company

Tampa Electric is one of the three important electric utilities in Florida, all of which are known as "growth utilities." It is the smallest of the three with annual revenues of $32 million, compared with $57 million for Florida Power Corp. and $145 million for Florida Power & Light. Tampa serves a population of about 435,000 in the city of Tampa and 45 adjacent communities in Florida.

Tampa is an importing, exporting and distribution center. The most important industries in the area are the raising and processing of citrus fruits, cigar manufacturing, phosphate mining, cattle raising, lumbering, dairying, naval stores, fishing and tourist business. The number of airlines serving the Tampa Bay trade area was increased to ten last year when Trans-World, Northwest Orient, Delta and Capital began using the International Airport. It is planned to make the airport into a major jet-age air facility, and purchase of additional land is now under way.

The city last year opened Tampa Industrial Park with new industries including Jackson Products (dishwashing machines), Globe-Union (batteries), and the Schlitz Brewery. Other new plants, now building or projected, include Budweiser Brewery, Camden Grain, A. S. Aloe (pharmaceutical warehouse), Thatcher Glass, Florida Steel, and Florida Nitrogen Co.

Tampa is among the fastest growing electric utilities and with new industry coming into the area this growth should continue. Revenues are now about eight times as large as in 1935, more than three times as big as in 1949, and more than double 1952. The average compounded rate of growth since 1953 is 14% for revenues and 9% for share earnings.

In 1958 residential revenues increased 17%, with the average residential customer using 4,675 kw, triple the 1947 figure and 15% over 1957. Commercial sales were up 10%, but industrial declined 8%. The latter decline was due in part to the reduced cost of coal and the corresponding decrease in industrial rates (under the fuel adjustment clause). Also the recession retarded the growth in power sales slightly; and the freezing weather reduced sales of citrus fruits for packing and processing.

Growth of the company's electrical heating load continues. Last year 601 central heat pump units were added, compared with 401 in 1957, bringing the total at the year-end to 1,503; and there were also 2,506 homes with radiant or resistance electric heat, and 3,733 using window heat pumps.

Tampa has a larger proportion of industrial revenues than its neighbors—28% last year, compared with 14% for Florida Power Corp. and only 10% for Florida Power & Light; however, 28% is not unusually high.

Generating capability of the company's plants aggregated 560,000 kw at the 1958 year-end vs. the peak load of 405,000 kw. The company is constructing a 175,000 kw generating unit at the Gannon Station which should be complete before the end of 1960. Substantial fuel savings were realized last year due to increased generation at the modern Gannon plant, sale of power to neighboring utilities (instead of purchases), and substantial cuts in the price of oil and coal (as indicated above, however, some of the benefits from lower fuel prices were passed on to customers). Further reduction in fuel costs seems likely. Experimental use of phosphate cars, which now return to Tampa empty, for hauling coal has proven successful and as a result freight rates on coal may be further reduced.

Earnings for the first quarter this year were 44¢ vs. 46¢ last year, the decrease being due principally to a 37% increase in fixed charges and preferred dividend requirements. Interest charged to construction was substantially lower than a year earlier. On the other hand the citrus packing and processing industry has been operating at top capacity this year.

Last year Tampa Electric applied for a rate increase but obtained only part of the amount requested; if earnings prove inadequate, the company will make another application to the Commission. The new rates should add about $765,000 to annual earnings after taxes, equivalent to about 32¢ a share.

Capital structure at the end of 1958 was as follows:

	Millions	Percent
Long-Term Debt	$62	51%
Preferred Stock	20	16
Common Stock Equity (2,390,000 shs.)	40*	33
Total	$122	100%

*Includes over $2 million retained earnings restricted for future Federal income taxes.

At the recent price of 50 (range this year 54½-41¼ and last year 45¼-34¼), the $1.20 dividend rate represents a yield of 2.4%. Based on earnings for the 12 months ended March of $1.75 the price-earnings ratio is 28.5. Obviously the present price reflects the expectation of a substantial gain in earnings this year, reflecting the rate increase, etc. Early this year earnings were estimated at around $2.10-$2.20 for calendar year 1959; if realized this would reduce the price-earnings ratio to around 23, more in line with PE-ratios for other growth utilities; but in view of the rather disappointing first quarter these estimates may prove a little on the high side.

Rejoins B. C. Christopher

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Doyle H. George has rejoined B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange. Mr. George has recently been with Walston & Co., Inc. in Long Beach, Calif.

With Yarnall, Biddle

PHILADELPHIA, Pa.—Yarnall, Biddle & Co., 1528 Walnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Louis Cunningham is now associated with them as a registered representative.

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The Case Against Mutual Security

when their economy is flourishing.

The Administration boasts that our military assistance program has enabled our Allies to create and maintain an Army of 4.9 million men. But these men are of some 60 nationalities, from various climates, dispersed globally. Assuming their respective governments would cooperate, have we, in this Air-Space-Nuclear Age, the human ability to coordinate, concentrate and move these troops into critical areas in time to be of service?

In some areas, the Commies have made headway by infiltration, by inciting guerrilla warfare and by purging opposition. But they always tie their self-seeking assistance with many strings and conditions. On the other hand, our military hardware seems to be given away at random to anyone who claims an affinity for the Free World. Such gifts may someday be used in reverse. Also, occasionally, we have given weapons to neighboring enemies; without weapons the possibility of rump wars might be avoided.

There are a few countries which we are morally obligated to defend and which are directly threatened with Red aggression. Most certainly we should continue limited military assistance to these countries. Formosa and Korea are examples. This is not to say, however, that we should garrison these areas. The extension of the Monroe Doctrine over the critical areas, together with our air power, instantly ready to strike, should offer suitable protection.

Sees $15 Billion in Aid

As of Dec 31, 1958, there was a total of $6.6 billion in unexpended foreign aid funds. For the fiscal year 1960 the Administration is asking for $3.9 billion. In **addition to all this we**, as a nation are being asked to make two substantial contributions for world economic development and monetary stability. These contributions are $1.4 billion payment to the International Monetary Fund and a $3.2 billion subscription to the World Bank.

We must consider the impact of this entire amount in the neighborhood of $15 billion on our economy.

Do experienced businessmen honestly believe we can endure such a burden?

When I came to Washington not too many years ago our total government expenses amounted to One-Half Billion.

I recommend that the Chamber of Commerce and the Congress re-appraise the entire foreign aid program and suggest the following be given consideration:

(1) Wastefulness, inefficiency and incompetence in the administration of Foreign Aid programs must be eliminated promptly and it must be cut to the bone.

(2) Greater encouragement should be given to private capital as a substitute for government-financed Point-4 programs. (Private management and know-how made America great and insures self-liquidating programs.)

(3) Tax liberalization, adoption by Congress of the Boggs Bill would be a step in that direction.

(4) Export-Import Bank should administer existing appropriations and include re-insurance of private bank credit similar to that which is in existence in Germany, Great Britain and Canada.

(5) Teams of engineering and accounting experts from private industry should be invited by government to serve without pay to rationalize these programs.

(6) A further study should be made to determine how surplus commodities could be moved into the International Market rather than spending additional cash dollars.

(7) The funds available for the new development loan fund—which are soft money loans and compete with hard loans of American investors — should be turned over to the Export-Import Bank to be utilized for re-insuring private American exporters on rational terms.

(8) Counterpart funds should be liquidated as these funds are impossible to administer effectively without becoming involved and interfering in the political structures of alien countries.

It is unrealistic to assume that 6% of the world's population in spite of our resources and ingenuity can carry on its back 72 other nations now receiving foreign aid. We now face a $12 billion deficit. Additionally, we have a mounting national debt now being refinanced at 4% interest on a short-term basis.

A $2 billion reduction in this year's Foreign Aid appropriation, with a liquidating period of the balance of Foreign Aid in three years should assure a general readjustment and the natural forces should take up the vacuum.

The security of our country and its people, ABOVE ALL, depends on economic strength at home and military forces based principally in North America. We should revert to constitutional government as conceived by our Founding Fathers.

History has definitely established what happens to any country which follows a philosophy of permanent over-spending.

I ask this question: What, in your opinion, based on your experience, can this country afford to spend on a necessary and burdensome defense and maintain our other heavy economic programs and still survive?

Are we paying for our own funeral with Foreign Aid?

I say the answer is: "Emphatically Yes, unless we cut out this Foreign Aid Program!"

A.S.E. Stock Quotes to Go on N.Y.C.'s Radio

Edward T. McCormick, American Stock Exchange President, has announced plans to transmit closing prices and net changes on a select list of about 100 ASE issues on New York City's radio station WNYC beginning at 3:50 o'clock pm on Monday, May 25, 1959. Seymour N. Siegel, director of radio communications for the City of New York, stated that the five minute spot will be extended to ten minutes in the near future. The program will be aired each business day.

The exchange has constructed a special broadcast desk on the trading floor. The closing prices will be beamed directly from the market's nerve center by attractive Miss Mary June Montgomery, associate editor of "American Investor" magazine.

Joins Zilka, Smither

(Special to The Financial Chronicle)

PORTLAND, Oregon—David S. Jones is now with Zilka, Smither & Co., Inc., 813 Southwest Alder, members of the Pacific Coast Stock Exchange.

Lester, Ryons Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William B. Cook has been added to the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges.

Continued from page 20

Puerto Rico's Tax Opportunities Offer Mutual Benefits

contr:ctual obligation during the life of the grant. Thus a grantee who has applied in good faith, and has fulfilled his representations as to the nature of his products and activities in good faith, has the assurance of undisturbed enjoyment of the grant of tax exemption during the period of its effectiveness. Under the current law, grants are revokable, but only after notice and opportunity for hearing, for specified causes enumerated in the law, including fraudulent misrepresentations in obtaining the grant. Revocations on grounds which do not involve bad faith, such as failure to commence operations within the time stipulated by the grant, or cessation of operations without consent of the Governor, cannot be given retroactive effect. The 10-year record of administration since the enactment of the 1948 Tax Exemption Law makes it amply clear that grantees who have commenced and carried on the operations for which they were granted exemption in the degree of good faith which is expected to characterize normal business operations have not been presented with enforcement problems.

The 1954 Act contains provisions designed to insure that grants previously given under the 1948 Act or the Current 1954 Act, and enjoyed by the grantees over a period of years, shall not be unduly prolonged by subterfuges such as liquidation or other termination of the previously established unit, and transfer of its production and facilities to another unit under related ownership. Where the product involved is substantially the same, use by a new enterprise, even under unrelated ownership, of property of a value in excess of $5,000 utilized by a previous grantee, requires prior consent of the Governor.

One of the standard terms and conditions contained in each grant forbids grantee from allocating to the tax exempt operation profits of operations or activities not within the scope of the grant, for the purposes of evading taxes in any other jurisdiction. Again the touchstone is "good faith." And a grantee which carries on bona fide manufacturing operations in Puerto Rico and which acts in accordance with competent legal and accounting advice in connection with such matters as price structure and place of final sale will not encounter problems under this condition.

Inquiry as to eligibility is not limited to the nature of the product and the manufacturing process involved. Under the law the Governor is authorized to consider the character of the applicant, methods of financing involved, methods of marketing involved, and other factors which may have relation to the public interest. Again the touchstone is good faith. Questions involving the possible exercise of this discretion to deny an application practically never arise in the cases of reputable manufacturers.

An important long standing policy in the administration of the tax exemption law is the policy against moving industries, originally an administrative policy adopted by the Governor, and subsequently reaffirmed by the Legislature. This policy declares that the industrial development of Puerto Rico shall not be achieved at the undue expense of other communities in the States, and that tax exemption will not be granted where employment of enterprises under related control will be substantially curtailed or other consequence substantially adverse to the employees of such related enterprise may result. This policy does not interpose any barrier to new industries started in Puerto Rico for the first time, expansion units of industries established in the States, or expansion units involving realignment of production, where no adverse effects on existing employment in the related units in the States would result.

Processing Applications

A few words may be said about the processing of tax exemption applications. A notarized application must be filed. To insure expeditious processing, the application should be complete and should contain such attachments as would be necessary to supply full information. A public hearing is held on each application, after publication of notices in the two newspapers of general circulation in Puerto Rico. A report on the eligibility of the product and a recommendation as to the disposition of the application is then made by the Economic Development Administration. The attorney or other representative of the applicant is then requested to submit draft of proposed findings and conclusions. These are then revised into the form of a draft of a decree granting tax exemption and are submitted to the agencies designated in the law for their recommendation to the Governor. The agencies designated are the departments of Justice, Treasury and Labor, and the Economic Development Administration. If any questions arise, they are resolved administratively whenever possible, or else the applicant is immediately advised and afforded an opportunity to take such action as may remedy the objection. Thereafter the proposed decree and reports of the agencies are submitted to the Governor by the Director of the Office of Industrial Tax Exemption with his report and recommendation upon the case. Upon signature by the Governor the grant becomes final. The 10-year period of corporate tax exemption begins to run from date of commencement of operation, which is defined under a regulation as a date three months after first date of first factory payroll. Accordingly the period during which a grantee taxes no action under the grant, prior to establishing his physical plant and commencing manufacturing operations is not deducted from the 10-year period.

In conclusion, it may be said that the very substantial benefits of tax exemption are made available for those who are prepared to dedicate their resources and know-how to the establishment of industries which will result in substantial benefit to the people of Puerto Rico. In the laws which have been enacted and in the spirit of the administration of these laws, the Commonwealth of Purto Rico has recognized that the obligation of "good faith" is reciprocal and, has demonstrated that a sympathetic understanding will be afforded to the problems of those who come prepared to dedicate their resources and know-how to industrial activities which contribute to the economic development of Puerto Rico and the improvement of its standard of living.

McMannus & Mackey Add

On May 14 John Mackey will acquire a membership in the New York Stock Exchange, and will become a partner in McMannus & Mackey, 39 Broadway, New York City, members of the New York Stock Exchange.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government bond market is showing signs of firmness in spite of not too much activity and the understanding that developments in the future, such as a sizable increase in the discount rate, further deficit financing, and a higher rate for long-term Treasury bonds would not be entirely favorable forces. With the Treasury most likely out of the market for the rest of the fiscal period, it is believed there could be a better tone in the Government market since not a few of these obligations are selling at levels that make them attractive for those that are interested in making commitments if only on an averaging down basis.

Corporations, the important buyers of near-term Governments, according to advices have been in some cases moving out of these issues since the demand for funds in their own business is creating a need for cash. This could become more vigorous with the passing of time.

Higher Discount Rate Inevitable

The money market appears to have taken the increase in the prime bank rate in stride, although it is still too soon to say that there will not be a further worsening in quotations of Treasury obligations, since there are several things that must be contended within the not too distant future. Probably the most important to be considered is the coming increase in the discount rate, which will take place when least expected but nonetheless will become a reality one of these days, since the big discrepancy between the prime loaning rate and the Central Bank rate will not continue for long as it stands now. This is too inviting a situation for the deposit banks to ignore, especially when the demand for loans is on the increase and eligible paper can be discounted at a profit with the Federal Reserve Banks. The extent of the rise in the Central Bank rate will give the answer as to how the Government market will act in the near future.

Hike in Rate and Debt Limit Expected

Then there is the borrowing by the Treasury which will come along shortly after the start of the new fiscal year. To be sure, this can be done on a short-term basis as has been the case in the past, but this is not going to go on indefinitely since financing of this kind will add to the forces of inflation by contributing to an increase in the money supply and by the creation of deposits. Accordingly, it is the expectation of most money market specialists that the Treasury with its desire to get some of its debt on a long-term basis will ask for an increase in the rate for obligations with a maturity of more than five years. Also, it is believed that the Treasury will ask for an increase in the debt limit.

All of these important forces which are overhanging the money and capital markets will have to be resolved one way or another in the not too distant future and, unless there is a decided change in the thinking and psychology of the law-makers in Washington, there will not be a balanced budget in the next fiscal year. This will mean that the Treasury will still be in the market for new money, even though in not such a big way as was true in this past fiscal year.

Treasury Must Meet Competitive Yields

The corporate market is still digesting the bonds which were recently offered and did not go so well and this, along with some of the coming new offerings, indicates that the competition for the investor's dollar is not going to decrease very much although the calendar of new issues is still not on the heavy side. On the other hand, there are no signs yet of a let-up in the new tax-exempt obligations that are being introduced to the market, which has to be taken to mean that there will be plenty of the tax sheltered issues available for those that are interested in such an obligation.

Therefore, it seems as though the Government, in order to extend the maturity of its debt, will have to meet the existing competitive conditions, which on the basis of the better yields that are available in non-Treasury bonds, appears to indicate higher rates for long-term Federal bonds.

Banks Liquidating Intermediate Issues

It is evident from reports that the banks are continuing to switch out of intermediate term Governments, especially the 2⅝s of 1965. This is being done in spite of the sizable yield that is available in this obligation. In some instances these funds are being reinvested in tax-free obligations while in other cases the money is being loaned out to customers. It is the opinion of some money market followers that the intermediate term issues will continue to be liquidated by the banks.

N.Y.S.E. Revises Basis For Reviewing Listings

Keith Funston, President of the New York Stock Exchange, has announced that the Board of Governors had revised the basis for reviewing the continued listing of preferred stocks and guaranteed common stocks.

Mr. Funston said a primary objective of the Board was to maintain the kind of broad auction market the public has come to expect for a listed security.

The Exchange President said that in the future suspension or delisting will be considered if 10,000 shares or less of a preferred issue or guaranteed common issue are outstanding or the value of the outstanding shares is $400,000 or less—both after excluding concentrated holdings. Each case, he added, will, of course, be considered on its merits. Previously, consideration of delisting was given when 2,000 shares or less were outstanding or the market value was $200,000 or less.

Mr. Funston emphasized again that the factors involved in the continued listing of any security on the Exchange cannot be measured mathematically. The Board, he said, may act in any situation if it feels that a security is not suitable for continued listing. In considering a specific case, the Board would give weight to all factors, including any current information supplied by the company.

National Steel Corp. Mtge. Bonds Offered

Kuhn, Loeb & Co., Harriman Ripley & Co. Inc. and The First Boston Corp. are joint managers of a group that offered publicly on May 27 an issue of $80,000,000 National Steel Corp. first mortgage bonds, 4⅝% series due 1989, priced at 99% to yield 4.687%.

The bonds will have the benefit of a mandatory sinking fund beginning in 1964 which will retire 80% of the issue prior to maturity. Prior to June 1, 1964, the bonds will not be refundable at an interest cost of less than 4.687% per annum. Otherwise, they are redeemable at prices ranging from 103¾% for those redeemed beginning June 1, 1959 to 100% for those redeemed on or after June 1, 1987.

The proceeds will be used in connection with National's three-year $300,000,000 expansion program. It is expected that no additional sale of securities will be required to complete the program.

The major portions of National's program include expansion of its Weirton, W. Va. plants to increase and improve production facilities for electrolytic tin plate and cold rolled sheets; an increase of the annual ingot capacity of the Great Lakes plants from 3,700,000 net tons to 4,200,000 net tons and installation of a new 80-inch continuous hot strip mill; and construction of a new plant on the shore of Lake Michigan in Indiana, near Chicago, to produce electrolytic tin plate, galvanized sheets and hot and cold rolled sheet products.

This corporation is the fifth largest steel company in the country and, with its subsidiary and associated companies, constitutes an integrated unit for the manufacture and sale of a diversified line of iron and steel products.

Giving effect to the sale of the new first mortgage bonds, capitalization of the company at March 31, 1959 was: $191,964,305 in long-term debt; and 7,493,192 shares of capital stock, par $10.

Etco Securities Opens

CHATTANOOGA, Tenn.—Etco Securities, Inc. has been formed with offices in the Chattanooga Bank Building to engage in a securities business. Officers are George F. Riggs, President and Treasurer, and V. P. Riggs, Secretary.

Twin City Bond Club 38th Annual Picnic

ST. PAUL, Minn.—The 38th annual Picnic of the Twin City Bond Club will be held June 18th at the White Bear Yacht Club. The outing will be preceded on June 17 by a luncheon for guests at the Town and Country Club, given for the 20th consecutive year by Shaughnessy & Company, Inc., of St. Paul, and by a cocktail party given by the Bond Club at the Nicollet Hotel.

Members of the 1959 Picnic Committee are:

General Chairman: Lawrence E. Shaughnessy, Jr., Shaughnessy & Company, Inc., St. Paul.

Registration: Robert S. McNaghten, Williams-McNaghten Co., Minneapolis.

Cocktail Party: Richard Brown, Halsey, Stuart & Co., Minneapolis.

Publicity: Stanley R. Manske, First National Bank, St. Paul.

Transportation: Clifford S. Ashmun, Jr., C. S. Ashmun Company, Minneapolis.

Entertainment: Charles J. Rieger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Minneapolis, and Hubert G. Fergeson, Blyth & Co., Inc., Minneapolis.

Tennis & Horseshoes: Leighton Borin, National Securities & Research Corporation, Minneapolis.

Golf: William O'Connor, Dean Witter & Co., Minneapolis.

Bridge and Gin Rummy: Irving J. Rice, Irving J. Rice & Company, Inc., St. Paul.

Prizes: George A. MacDonald, First National Bank of Minneapolis.

Special Prizes: John A. Gallagher, Smith, Barney & Co., Minneapolis.

Prize Solicitation: Winston L. Molander, Northwestern National Bank, Minneapolis, and Paul E. Matsche, Paine, Webber, Jackson & Curtis, St. Paul.

Boating: J. Dan McCarthy.

Reservations may be made with Kenneth D. Aws, Paine, Webber, Jackson & Curtis, St. Paul.

Old Chatham Hunt Club Elects New President

Thomas H. Quinn, President of Inter-County Title Guaranty & Mortgage Company, has been elected President of the Old Chatham Hunt Club, Old Chatham, Columbia County, New York, to succeed Orlan A. Johnson, President of Gifford-Wood Company of Hudson, New York.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

NEW YORK TRUST COMPANY

The present New York Trust Company is the outgrowth of the combination of four banks up until 1921, and another in 1949. None of the mergers during its history was made to attain mere size. Each component institution served to bring to New York Trust its specialized branches of the banking business, and resulted in a well integrated banking organization.

The company started business in 1889 as New York Security & Trust Company, and in 1904 Continental Trust Company, chartered in 1890, was merged with it. In 1905 the present title was adopted. A merger with Liberty National Bank was effected in 1921. Liberty National, primarily a commercial institution, had in 1919 acquired Scandinavian Trust Company, which brought an excellently equipped foreign department to the ultimate consolidation. The original New York Trust Company had built up a substantial corporate and personal trust business. Then in 1949 the Fulton Trust Company was acquired, and an addition of considerable importance to the trust activities was made.

Starting in 1889 with deposits of approximately $2,300,000, New York Trust Company has seen this item grow to $891,732,000 at the end of 1958; and at that date total assets grossed $1,001,086,000. The bank has been fortunate in having over its history a group of highly influential members on its Board of Directors. It derived a good portion of its income from the wholesaling of credit, but every effort is made to cultivate smaller business accounts. This has had the effect of keeping down overhead and enabling the bank to operate with a relatively small staff. It is regarded as one of the more compact of New York's large banks. The headquarters are in the Wall Street district, with six branches in midtown Manhattan, each strategically located in an important business area. There are about 1,265 employees; approximately 6,400 shareholders.

Loans are the most important source of income. For example, in 1958, this portion of the business produced some 61% of total gross; while interest and dividends on securities brought 20%, and fiduciary fees, etc., 19%.

At the company's annual meeting this year a group in opposition to the present management sought representation on the board of directors. The management slate prevailed by a heavy majority of share votes. The opposition group was believed to favor negotiations looking toward a merger of New York Trust with some other banks. On this subject the 1957 annual report stated in part: "Certain banks have expressed interest in merging with the trust company. It is the intention of the management to explore this interest. If a specific proposal should result which the board of directors shall believe to be in the best interest of the stockholders, such proposal will be submitted to the stockholders for their consideration."

There are outstanding 1,200,000 shares of New York Trust stock, $25 par value per share. This amount resulted from a 2-for-1 split in the shares in 1955. Capital funds at the end of 1958 stood at $84,849,00, consisting of $30,000,000 capital, $40,000,000 surplus, and $14,849,000 undivided profits.

Statement of Condition — December 31, 1958

Assets:		Liabilities:		
Cash and due from banks	$384,909,179	Capital	$30,000,000	
U. S. Government obligations	198,850,744	Surplus	40,000,000	
Stock in Federal Reserve Bank	2,100,000	Undiv. profits	14,849,211	
Other bonds and securities	48,748,965			$84,849,211
Loans and discounts	375,045,181	Dividend payable		1,050,000
Banking premises	2,936,699	Acceptances		15,473,284
Cust. liabilities on acceptance	14,288,464	Accrued int. & other liabil.		7,981,561
Interest rec. and other assets	4,207,177	Deposits		891,732,353
	$1,001,086,409			$1,001,086,409

A breakdown of these assets into principal categories follows:

Cash	35.5%	Loans and discounts	37.5%
U. S .Government obligations	19.9	Banking premises	0.3
Other securities	5.0	Miscellaneous assets	1.8

A distribution of government bond maturities, none are in excess of 10 years, for several recent years follows (maturity basis):

Maturities

	Up to 5 years	5 to 10 years		Up to 5 years	5 to 10 years
1952	99%	*1	1956	79	†21
1953	91	†9	1957	§80	¶20
1954	73	‡27	1958	96	¶4
1955	80	‡20			

*Due in 7 years. †Due in 6 to 8 years. ‡Due in 6 to 9 years. §Due in 4 years. ¶Due in 5 to 7 years.

The next tabulation gives the average rate of return derived from investments and from loans and discounts:

Average Rate of Return

	On loans & discounts	On securities		On loans & discounts	On securities
1952	3.00%	1.69%	1956	3.85%	2.10%
1953	3.19	1.90	1957	4.23	2.30
1954	3.16	1.90	1958	4.08	2.52
1955	3.35	2.04			

In the above government-maturity tabulation it is evident that New York Trust has in recent years concentrated heavily on short terms, on which there is a rapid roll-over.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	Price Range High	Price Range Low
1949	$55.60	$3.27	$426	$2.00	45¼	39½
1950	56.94	3.58	475	2.25	48¾	42½
1951	58.48	4.05	468	2.50	56¾	45¾
1952	60.21	4.35	490	2.63	59¼	51½
1953	61.96	4.50	474	2.75	58¼	50¼
1954	63.76	4.68	514	2.88	69¼	54
1955	64.83	4.90	511	3.00	81	69
1956	65.81	5.49	511	3.31	72	63
1957	68.30	5.94	497	3.56	76¼	63¼
1958	70.71	6.26	535	3.75	93¼	74½

*Adjusted for 2-for-1 stock split in 1955.

In this decade book value increased 29%; earnings 93%; invested assets 33%; dividend 97%. The stock is selling at present in the 90-91 price area, at which the $3.75 dividend returns about 4.1% to the investor. The $3.75 rate is composed of $3.50 regular annual disbursement plus a 25-cent year-end extra. The pay-out ratio is only about 60%. In 1958 approximately 8.9% was earned on the year-end book value. The stock is selling at present at about 14½ times 1958 operating earnings.

$104,760,000 New Housing Authority Bonds Offered by Nationwide Syndicate

Public offering of $104,760,000 New Housing Authority 3¾% and 3⅞% Bonds due serially 1960-2000 was made May 26 by an underwriting group managed by Phelps, Fenn & Co., Lehman Brothers and Blyth & Co., Inc. in association with The First National City Bank of New York, and by Bankers Trust Company and The Chase Manhattan Bank.

The bonds are being issued by 19 local housing agencies located in 13 States and Puerto Rico. They were awarded the group on bids which represented an over-all net interest cost of 3.8711% to the agencies.

The bonds are being reoffered to the public in three price scales—Scale B, 3¾%; Scale C, 3¾%, and Scale D, 3⅞%—at prices to yield 2.15% to a dollar price of 100 for a yield of 3⅞%.

Scale B relates to bonds of agencies in Clinton, Mass., Durham and Raleigh, N. C., and Dayton, Ohio, and ranges in yields from 2.15% to 3.80%.

Scale C, covering bonds of housing agencies in Chicago and New York City, ranges in yields from 2.15% to a dollar price of 98½ for a yield of about 3.825%.

Scale D applies to issues of housing agencies in Putnam, Conn.; Fort Lauderdale, Fla.; Columbus, Ga.; Jackson County, Ill.; Lake Charles, La.; Mount Clemens, Mich.; Las Vegas, Nev.; Reno, Nev.; Bayonne, N. J.; Edison Township, N. J.; Lorain, Ohio; Puerto Rico; and Waco, Texas, and ranges from a yield of 2.15% to a dollar price of par to yield 3⅞%.

Other managers of the group are The First Boston Corporation; Smith, Barney & Co.; Shields & Company; Goldman, Sachs & Co.; Harriman Ripley & Co., Incorporated; and R. W. Pressprich & Co.

The group submitted the following bids for the individual issues:

Local Housing Authority	Amount	Coupon %	Bid %
Putnam, Conn.	$1,625,000	3⅞	100.129
Fort Lauderdale, Fla.	1,110,000	"	101.264
Columbus, Ga.	1,210,000	"	100.302
Chicago, Ill.	24,180,000	3¾	100.162
Jackson County, Ill.	1,240,000	3⅞	100.130
Lake Charles, La.	3,485,000	"	100.086
Clinton, Mass.	1,545,000	3¾	100.133
Mount Clemens, Mich.	1,425,000	3⅞	100.125
Las Vegas, Nev.	1,550,000	"	100
Reno, Nev.	1,575,000	"	100.132
Bayonne, N. J.	1,815,000	"	100.146
Edison Township, N. J.	965,000	"	100.125
New York, N. Y.	36,325,000	3¾	100.006
Durham, N. C.	1,170,000	"	101.067
Raleigh, N. C.	3,825,000	"	100.126
Dayton, O.	3,795,000	"	100.141
Lorain, O.	2,085,000	3⅞	100.127
Puerto Rico (First Issue)	8,340,000	"	101.218
Puerto Rico (Second Issue)	4,740,000	"	100.141
Waco, Texas	2,755,000	"	100.195

The bonds are secured by a first pledge of annual contributions unconditionally payable under a contract between the Public Housing Administration (PHA) and the local agency issuing the bonds. The faith of the United States is solemnly pledged to the payment of the annual contributions by the PHA.

The bonds are legal investments for savings banks and, with the exception of the Puerto Rican issues, for trust funds in New York and certain other States. Interest on them is exempt from Federal income taxes.

The present offering is the 24th public offering of New Housing Authority bonds and brings the total so issued to $2,630,464,000. The first offering was made in 1951.

Texas Bank Comments On Our Gold Loss

Scoffing at the 25% gold reserve ratio, Dallas bank says there is no need to worry about the gold out-flow "unless you are worried about the stability of the American dollar."

The First National Bank in Dallas, Texas, notes in its May 15th "Economic Letter" that gold is still leaving our monetary stock. It points out that, "the Treasury's monetary gold stock continues to decline. During the week ending May 6, $75,000,000 worth left the country, making a total of about $280,000,000 since January 1, this year. Add to this sum the amount withdrawn last year ($2,275,000,000), and you can understand the concern in some circles about our gold reserves.

"The Treasury's gold now stands at about $20,250,000,000, which is almost twice the amount needed to support the 25% reserve requirement against Federal Reserve liabilities outstanding (mostly Federal Reserve notes and member-bank deposits).

"Actually there is no real cause to worry, since we are on nothing but a fictional gold standard anyway. There isn't anything sacred about the 25% ratio. Congress set it more or less arbitrarily and it can be changed just as arbitrarily to 10%, or 5%, or 1%—or you name it; and it all would be just as fictional.

"Correction: There is nothing to worry about, unless you are worried about the stability of the American dollar. Some observers persist in saying that our loss of gold evidences (more than anything else) a growing distrust of our dollar abroad."

With Newberger, Loeb

Bert E. Askern, former newsman, and more recently a direct mail advertising executive with Productive Mail Advertising Co., New York for nine years, has joined Newberger, Loeb & Co. 15 Broad St., New York City, members of the New York Stock Exchange as a Registered Representative.

Continued from page 3

An Analysis and Indictment of The "Price Notification Bill"

this Department oppose enactment of this measure?

III

Why Does the Justice Department Recommend Against Enactment Of S. 215?

Our position may be capsuled at the outset. *First*, the bill would tend to substitute Government inquiry into "the reasons for and the justifiability of any price increase for our traditional ideal of prices set in response to free-market forces. *Second*, one result will be to discourage price declines; for companies may well be loathe to risk price cuts when price rises can take place only at the cost of required waiting, plus public hearing. *Third*, by slowing the necessarily-fast pace of price adjustments, this proposal could spell real anti-competitive consequences. *Fourth*, these anti-competitive consequences, plus this bill's brake on declining prices, would be felt, not in narrowly marked out areas, but throughout the bulk of this nation's economy. Let me detail the basis for these conclusions.

Sacrifices Market Forces

First, the bill's tendency to substitute the pressures of public inquiry for market forces in determining price changes. Antitrust's prime goal, as the Supreme Court put it, in *Socony-Vacuum*, is to insure the determination of * * * prices by free competition alone.[10] The fact that prices are fixed at the fair going market price is immaterial,[11] for the reasonableness of prices has no constancy due to the dynamic quality of business facts underlying price structures.[12] The difference between legal and illegal conduct in the field of business relations, the Supreme Court concluded in *Trenton Potteries*, cannot depend upon so uncertain a test on whether prices are reasonable—a determination which can be satisfactorily made only after a complete survey of our economic organization and a choice between rival philosophies. * * *[13]

However, it is on just this issue of any price increase's reasonableness—or, as S. 215 puts it, "the reasons for and the justifiability of the proposed increase"—that this measure's required inquiry would focus. True, of course, the bill enables no Government agency to halt—beyond the required 30-day waiting period — unilateral price rises deemed unreasonable. Equally true, however, the bill's required inquiry into any price rise's justifiability makes small point unless that interested group reaction which the inquiry should reflect is meant to influence individual concerns' pricing decisions. And it is this interested group's reaction via hearings—rather than the ebb and flow of buyers pressures reflected via markets—which would mold business pricing decisions.

True, of course, assumed here is that market pressures are—or can be—sufficiently virile to mold price decisions. True, in some areas of today's economy, prices seem to move in hardly direct response to the apparent exigencies of market demands. And, finally, it is true that even where such price movements may be felt to stem from collusion, undue competitive restraint, or excessive individual power over market price, still accidents of precedent and proof may delay, and perhaps even ultimately thwart, effective antitrust remedy.

Cures the Symptom Only

Equally true, however, absence of promise for complete success ought not diminish our striving for the ideal, the goal of unrestrained individual effort at the heart of our competitive market system. To buttress antitrust tools, specific legislative proposals have been recommended, and some already acted upon by this Committee. And, within the framework of existing law, we currently press intensive inquiries into many of the major market sectors—for example, autos and steel — on which this Committee also focuses. Though candor requires that, at this stage of our work, I offer no promise of early or even ultimate remedy in any particular area, nevertheless, pressing — now — is the question before you, the question whether—however short of our competitive goal we must necessarily fall—is the asserted remedy this bill proposes truly worth its cost?

Especially so, since *second*, if the persistent failure of post-Congressional admonitions against price hikes be a guide, this bill will not likely curb price increases; in fact, just to the contrary, this measure's shift in pricing influence from market reaction to interested groups' hearing views could well encourage that persistent upward push of prices the bill seems to halt. For a business concern may be loathe to cut prices if certain of the requirement that, should the price cut not spell anticipated benefits, any future rise would have to face a 30-day waiting period plus the travail of public hearing.

Cites Price Cuts

Let me cite some examples. The producers of tin cans have in recent months reduced their prices. *Query:* Were S. 215 enacted, would these price reductions have been withheld because, should can producers wish to raise their prices at a later date, they would be required to notify the FTC and be subject to a full hearing?

Much the same query arises in the case of processed cheese, where eight companies account for 83% of industry shipments. The price of Cheddar cheese, according to the Bureau of Labor Statistics, fell from 94.9 (1947-1949 equals 100) in August, 1957 to 87.5 in April, 1958. By November, 1958, the price had risen back to 91.5. Presumably, that price rise would have been subjected to the provisions of S. 215. Yet, no sooner had the price been raised but in December, 1958—the next month — prices were again reduced.

For a final example, consider tomato catsup, a field where eight companies account for 68% of industry shipments. These prices declined from August, 1957 to April, 1958, but were raised to another peak in November 1958, only again to decline in January, 1959.

Query: In such instances, would not most concerns tend to shun such tentative and probing price cuts were the knowledge certain that future prices, unless exempted at administrative discretion, would be subject to waiting and hearings? And, as a corollary, would the necessity for waiting and public hearings likely tend to magnify each price rise in order to avoid the rigors of such procedures for each of a series of smaller rises? Thus, in a real sense, S. 215 could spur the very rigid and higher prices it is intended to curb.

Third, this bill would impede prompt price reflexes to changing market stimuli. The result might well be to disadvantage those very producers responsible for whatever price flexibility some concentrated markets now demonstrate.

Copper is a good example. Integrated producers run the gamut from mining to the finished metal and operate on the margin between the cost of production and the selling price of refined copper. However, a significant competitive factor is the custom smelter. Unlike the producers, he operates on the margin between the price paid to independent miners for metal and the price obtained for the refined copper.

The custom smelter buys from hundreds of miners on the basis of the price of copper on the date the ore arrives at the smelter. However, over 90 days elapse between the time the custom smelter pays for the copper and the time needed for smelting and sale. To avoid the risk of inventory speculation and to safeguard its processing profit, the custom smelter sells each day an amount of refined copper equal to copper received at its smelter.

Accordingly, to function effectively, the custom smelter must be free to adjust his selling price quickly.[14] Highlighting this need for price flexibility, though the integrated producers' price of electrolytic copper changed only three times in 1958, the custom smelters' price, in contrast, changed 36 times, fluctuating between a low of 23 cents and a high of 30 cents a pound.[15]

Such custom smelters' operations would be dealt a body blow by S. 215's 30-day notification requirement. However, the producers—whose prices presumably reflect the kind of price behavior at which S. 215 appears to be directed—would not be adversely affected.

Would Hit One-Half of All Commerce

Finally, the maleffects flowing from this bill would be felt, not in limited market sectors, but throughout our nation's economy. S. 215's scope may perhaps be gauged from statistics published in this subcommittee's 1957 report on *Concentration in American Industry*. Assume for the moment that S. 215's phrasing "line of commerce" be deemed the rough equivalent of the concept "product classes" utilized in your Concentration Statistics Report. Thus viewed, that Report's statistics suggest that some 632 out of a total of 1,118 manufacturing industries there listed would fall within S. 215's requirements. In other words, this subcommittee's report indicates that eight companies account for 50% or more of the shipments in over half the manufacturing industries in the United States. To be exact, these 632 industries number 56% of the total and account for 55.6% of the total value of shipments in all manufacturing. Thus, to the extent that each of the leading eight firms in such industries has a net worth of more than $10 million, this bill's price-waiting and hearing requirements would apply to industries accounting for more than one-half of this country's commerce.

So much for our objections to this measure and our views as to the maleffects it would engender.

IV

Antitrust's Role in an Overall Program to Curb Inflation

In sum, apart from the pending proposal, what if any contribution can antitrust make to meeting the problem of inflation at which S. 215 is directed? This is a matter which has absorbed the interest of the Attorney General since early last Fall when he served on an informal Cabinet Committee to study the problems of inflation. Specifically, the Antitrust Division looked into two questions, *first*, could enforcement of the antitrust laws be used as an effective instrument of public policy in combating inflation? And, *second*, if enforcement could be so utilized, how could it best be anti-inflation oriented?

Our conclusion was that while antitrust law enforcement has some limitations as an anti-inflation instrument, there are areas where enforcement, if coordinated with a government-wide anti-inflation program, can serve as one effective arm.

On the one hand, Antitrust's limitations as an anti-inflation weapon stem from a number of factors. First is the insulation of significant sectors of the economy from the jurisdiction of the Federal antitrust laws by specific Congressional exemption, or judicial construction. Second, comparatively limited resources are available for antitrust enforcement. And, third, anti-monopoly enforcement under Section 2 of the Sherman Act makes protracted litigation inescapable and short-term results difficult to predict.

Illegal Restraints

On the other hand, antitrust enforcement can achieve prompt and effective short-term results in the easing of upward pressures on prices. Relevant here are cases attacking illegal price restraints of trade which induce inflationary effects. Enforcement of this character can be expeditiously procured under criminal and civil procedures. Effective remedies can produce immediate results in the elimination of the illegal restraints.

For example, consider *United States v. Beatrice Food Company et al.* (D.C. Neb.), a criminal suit involving milk sales to government installations. Immediately after that investigation got under way, defendant dairies customarily bidding on these contracts reduced the price to the government installations to a level comparable with the price offered other public institutions in the area. In addition, they began to quote prices competitive with each other. These results have already been obtained—even before the case has been tried.

Similarly, in *United States v. Eli Lilly & Company, et al.* (Cr. D. N. J.), the price of polio vaccine revealed a marked decline following indictment. Here, too, disparate prices are currently quoted by the producers revealing characteristics of competitive price behavior.

And, finally, in the field of housing, a very important factor in the cost of living, the Government early in 1957 filed a civil complaint and criminal indictment against the Association of Specialty Contractors in New England. Such contractors erect shells for dwelling house foundations and supervise the pouring of the cement foundations.[16] Uniform prices had been fixed which had caused an increase in building contractors' costs on dwelling houses of average size by $100 per unit. Successful conclusion of this case eliminated the alleged restraints and permitted contractors to cut costs and the ultimate price of new dwellings to the buyer by at least $100 per unit.

Looking toward the long-term effectiveness of antitrust enforcement as an anti-inflation weapon, Section 7 of the Clayton Act offers significant potentialities. Vigorous Section 7 enforcement, particularly in the growth of infant industries in the early stages of their evolution, can shape the ultimate competitive structure of these industries and avoid the expansion of those areas weakened by undue concentration. Effective Section 7 enforcement today will bring supply, demand and price into a more ready competitive relationship in such new and growing industries of tomorrow as chemicals, plastics, and electronics.

I do not mean to suggest that competition can—or should—curb all increases in price. Whether or not a market be deemed competitive, increases in price may well stem from increases in costs. However, competition should help keep prices roughly in line with costs.

For one example, consider our successful litigation blocking the Bethlehem-Youngstown steel merger. In the trial of that case, independent wire rope fabricators testified they were "squeezed" since they had to pay higher and higher prices for the rope wire they purchased from the big integrated steel companies. But the market for wire rope was highly competitive and prices could not be increased. To make matters worse, these small independents were forced to compete with the integrated steel companies who are their source of supply. As Judge Weinfeld pointed out:

". . . if the independent sells wire rope below his competitor supplier's price for wire rope he may lose his source of supply, thus giving his supplier a form of price control over him; and . . . the opportunities for a price squeeze on the independent are enhanced, since the supplier may shift his profit between rope wire and wire rope in such a manner as to narrow or eliminate the independent's margin of profit on wire rope. As to this latter disadvantage, for several years prior to the trial and at the time of the trial (just a year ago) the price of rope wire (the raw material) had been raised several times, while the price of wire rope (the ultimate product) remained virtually constant. In effect the steel producers raised the price of the raw material sold to the independent fabricators, but did not raise the price of the ultimate product which some of the producers, including Bethlehem, sold in competition with the independents. The evidence establishes that the independents were caught in a price squeeze. (*United States v. Bethlehem Steel Corporation*, 168 F Supp. 576, 612-13 (1958)."

One of the salutary results of our successful intervention to prevent the Bethlehem-Youngstown merger was that Youngstown was retained as an important noncompeting source of supply of raw material to independent fabricators. To that extent, the squeeze on the small independents was held in check.

Thus, our efforts in this field may spell real results. The more responsive prices are to competitive forces, the more effective will be normal anti-inflationary weapons—such as monetary and fiscal controls. Thus, effective antitrust can aid an over-all Government program against inflation. And it is toward stepping up the pace of such efforts that our work is now directed.

10 *U. S. v. Socony-Vacuum Oil Co.*, 310 U. S. 150, 223.

11 *Id.* at 223.

12 *Id.* at 221.

13 *U. S. v. Trenton Potteries Co.*, 273 U. S. 392, 396-98.

14 Hearings TNEC, Part 25, January 1940, pp. 13266-13268.

15 *Daily Metal Reporter*, Jan. 16, 1959, Annual Metal and Steel Number, Part II, p. 115.

16 *U. S. v. Concrete Form Association of Central New England, et al.*, Civ. No. 57-216-S; Criminal No. 57-63-5 (D. Mass.)

Form Employees Mutual

Charles S. Janow is engaging in a securities business from offices at 215 Mount Hope Place, New York City, under the firm name of Employees Mutual Investment Clubs Co.

Form First City Secs.

First City Securities, Inc. has been formed with offices at 37 Wall Street, New York City, to engage in a securities business. Officers are Maxwell Mangold, President and Treasurer, and Hal Harold, Secretary.

Continued from first page

As We See It

lion in loans. Securities other than governments, too, were low in the early postwar years. They amounted to only a little over $12 billion as late as the end of 1950. Cash assets, too, were relatively much larger in those early postwar days.

Different Today

The picture is quite different today. It is much more akin to that which induced the higher interest rates late in 1956 and early 1957. At the end of March, the latest date for which full figures for all the commercial banks are available, these institutions held a little less than $63 billion in governments, some $99 billion in loans and nearly $21 billion in securities other than governments, while cash assets were very little larger than they were at the end of 1950. For various and mostly rather obvious reasons, bankers have grown to regard governments, whatever their term, as "liquid," and to measure the liquidity of their position by adding governments to cash assets. By any such measure the banks must be regarded as fairly well loaned up whatever their reserve position may be.

This type of analysis has led some observers to foresee what they term a "capital shortage" if, as they expect, a continued expansion in business takes place in the months to come. Many in studying this situation content themselves with a study of the probable course of interest rates and bond prices. Others, notably business executives who expect to need funds for expansion or to finance a growing volume of business in the months to come, think of it doubtless in terms of difficulties to be overcome and of the cost of doing things that they have been planning. Economic managers among the politicians are moved to wonder how it is going to be possible for them to assure a steady and rapid rate of growth in the business of the country. The situation of which the figures and facts already cited are but the symptoms is really one which concerns us all.

A much surer grasp of the basic nature of the state of affairs by which we are faced can be had if we turn our backs for the moment upon banking statistics and all the other figures through which the situation makes itself evident. The underlying forces at work here are beyond the control of the reserve authorities, and are not amenable to control by politicians or by the men who operate the banks of the country. It is not merely a matter of money supply as so many easy reasoners seem to suppose. It is at bottom not simply a shortage in the supply of credit available to borrowers in and out of business.

The Real Trouble

The real trouble is the relationship between what we produce and how much we produce and what we insist upon having in the form of goods and services—or, perhaps, we should say try to insist upon having. Nothing is to be gained by demanding more automobiles, more houses, more of all the other good things of life than we can or are willing to produce. Except for very short periods of time, that can not be done. The production of the things we want, moreover, entails the diversion of much labor and materials to the production of things with which to make the things we want. The phenomenon so often termed "inflation" is caused by an attempt to have more and to prepare to produce more than we are ready and willing to produce—and it is made possible by arbitrary creation of credit or "money" somewhere along the line.

Our "shortage of capital" could better be described as an inadequate rate of saving—which is but another way of saying too much of the current output is being consumed and not enough left to prepare for production in the future. But competition obliges producers to keep abreast of technology if they can. For such purposes funds in large amounts are required. If at the same time consumers demand funds in large amounts to finance their purchases of finished goods, severe competition develops in the money markets and interest rates rise—unless, of course, the politician then finds it profitable to step in with schemes for arbitrary creation of the funds demanded.

It is of the utmost importance to take note of the fact that such creation of funds whether by this or that agency does nothing to produce the goods and services that are being demanded. It merely increases the volume of funds that may be spent upon goods and services. There can be but one result—higher and higher prices. There is one way out. That is to produce more of the things we all want—and let them be purchased by the proceeds of that production. Thus demands of consumers would in that degree be more fully met and the need, or apparent need, to borrow to satisfy wants would in that degree disappear.

Hardly a popular remedy, but about our only salvation.

Continued from first page

Financial Market Trends In Our National Economy

to forget that only a little over a year ago there was deep gloom in many quarters about the business outlook. I recall, in particular, a meeting of the nation's outstanding busines economists early last Spring in which the gloom was particularly thick — even to the point of some members of the group suggesting that unless massive emergency measures were taken by the Federal Government another depression of the 1930-32 intensity would be upon us. The prescription of these prophets of doom was substantial Federal tax cuts, huge Federal deficit spending, and a Federal Reserve policy of active credit ease of the 1953 vintage.

Fortunately for the country the Federal Government resisted the "crash program" advocated by the pessimists. Instead, agencies such as the Federal Reserve, the U. S. Treasury and the President's Council of Economic Advisers retained faith in the resiliency of market forces. Convinced that inflationary pressures were only temporarily submerged, the authorities were moved to take care lest in combatting the recession they lay the groundwork for another surge of inflationary rise in the general price level. It was for this reason that Federal tax cuts were resisted, even though a huge Federal deficit developed inevitably as a result of the recession. It was also for this reason that the Federal Reserve moved more cautiously into a policy of credit ease than was the case in 1953.

The outcome is well-known to many. The recession proved to be of modest proportions and of short duration and we are now in the midst of a thoroughly satisfactory business rebound. The Gross National Product of the country, which had declined to its recession low of $429 billion in the first quarter of 1958, has risen steadily to over $460 billion in the first quarter of this year. These figures are expressed in terms of 1958 prices. The GNP for the first quarter of this year is the highest on record. Personal income payments, seasonally adjusted, have risen steadily from $347.5 billion in February, 1958 to $368.6 billion in March of this year. The Federal Reserve Board index of industrial production, a key indicator, has moved up from its recession low of 126 in April, 1958 to 147 in March, 1959. This figure carries us to the previous all-time peak in early 1957, and the April figure will undoubtedly show further gain. The recovery has been rather slow in absorbing unemployment of labor, but even here the seasonally adjusted unemployment rate has declined from a high of 7.6% of the labor force in August, 1958 to 5.3% in April of this year. Most assuring has been the fact that during the past year we have experienced an amazing stability in the index of consumer prices and in the index of wholesale commodity prices.

Business Revival Forces

What were the factors of strength which led to and facilitated the general business recovery? First and foremost, it seems to me, is the fact that consumer confidence was well maintained through the recession and into the recovery period. Personal consumption expenditures levelled off a bit in the recession, but they have climbed again from an annual rate of $286 billion in the first quarter of 1958 to a rate of $300 billion in the first quarter of this year. A second big factor lies in the field of business inventories. By the first quarter of 1958, as the recession proceeded, non-farm business inventories were being *liquidated* at an annual rate of $9.3 billion. From there on the rate of business inventory liquidation steadily declined to about $1.0 billion in the final quarter of 1958. In the first quarter of this year non-farm business concerns *accumulated* inventory liquidation steadily declined to about $1.0 billion in the final quarter of 1958. In the first quater of this year non-farm business concerns accumulated inventories at an annual rate of $3 billion, and with the prospect of a steel strike the rate of accumulation will undoubtedly go much higher in this current quarter. Thus, from the first quarter of 1958 through the first quarter of this year we have had a swing of over $12 billion in the annual rate of business inventory accumulation, and this has been a powerful force for recovery.

Still a third big factor has been the sharp rise in non-farm residential expenditures, which increased from an annual rate of about $16 billion in the second quarter of 1958 to $21.7 billion in the first quarter of 1959. The marked step-up in housing has been, of course, the product of more readily available financing as the demand for business and industrial loans declined. The increased rate of housing expenditures has not only exerted a strong force for recovery itself, but it has provided the stimulus for related spending for durable consumer goods and community facilities.

Up to this point I have set forth important factors in the recovery which have originated mainly in the private sectors of the economy. There is no doubt that government policy actions also played a highly important role. For example, total Federal Government purchases of goods and services rose from an annual rate of $49 billion in the fourth quarter of 1957 to nearly $55 billion in the first quarter of this year. Also, primarily as the result of Federal Reserve policy, the money supply of the country (demand deposits adjusted and currency outside the banks) rose about $5 billion between January and August, 1958, with a continuing more moderate rise of nearly $2.5 billion through March of this year. There is no doubt that Federal spending and monetary policy contributed to and lubricated the recovery, but I believe that the prime movers have been elsewhere than government policy actions.

As we review the developments in our national economy in the past year, it seems very fortunate that the government did not press the panic button and rush into a massive program of tax cuts and very easy credit to combat the business downturn. Faith in the natural recuperative powers of our free market economy seems—at least on this occasion—to have been thoroughly justified. It now seems certain that a massive program of government action would have been much too strong medicine and would have produced difficult inflationary problems in its aftermath.

Past Year's Financial Developments

Turning now to developments during the past year in the financial markets, one of the most interesting has been the movement of long-term interest rates. After a steady and virtually uninterrupted rise from early 1955 through late 1957, long-term interest rates declined precipitously in early 1958, then levelled out until Summer, and then rose again steeply through the early Autumn. The behavior of Corporate AAA bond yields serves to illustrate what happened to long-term rates generally. In mid-November, 1957 the average yield on AAA corporates stood at 4.13%, at which point it began a sharp decline. By late February of 1958 it had dropped to 3.58, a decline of nearly three-quarters of 1% in three months. It fluctuated around this level until the end of June, and then climbed abruptly to 4.13% by mid-October, 1958—exactly the same point at which the decline started about a year earlier. From mid-October, 1958 through March, 1959, the average yield on AAA corporate fluctuated around the 4.13 level, but in April it began a further rise to 4.30% early this month.

An almost identical pattern was traced during this period by the average yield on long-term government bonds, and the movement of yields on high-grade state and local government issues was similar in nature. The amplitude of the movement was even more spectacular in the case of new issues of corporate securities.

What were the forces operating to produce the sharp decline of long-term interest rates in late 1957 and early 1958? What halted the decline? And what caused the sharp rise beginning last Summer? The beginning of the drop in interest rates in late 1957 coincided with the reversal in Federal Reserve policy in the direction of credit ease, as evidence of the business recession became apparent. As Federal Reserve policy was directed toward greater credit ease, the expectation quickly developed in the financial market that the monetary authorities would go "all out" and repeat the very active credit ease policy which was followed in the last several months of 1953 and early 1954. The expectation was that the commercial banks, armed with reserves, would bid up the prices of bonds as the volume of bank loans to business and industry declined in the recession. Thus, it seems clear that the sharp drop in long-term interest rates in late 1957 and early 1958 was based largely on investor expectations that the monetary authorities would move toward a very easy credit policy and that investment outlets would be sharply curtailed as business receded.

Forces Halting the Decline

A number of forces operated to halt the decline and then stabilize interest rates from March through June of last year, and then to bring about the abrupt rise through October. One of the most important factors was that during the first half of 1958, indeed throughout the year, the demand for long-term corporate financing—some of it refunding of short-term bank debt — held up surprisingly well for a recession period. During the first half of 1958 the total new long-term corporate capital issues amounted to $5.8 billion, as compared with $6.6 billion in the first half of 1957, a period of heavy corporate financing. A second very important factor was that as interest rates on corporate bonds declined, institutional investors such as life insurance companies and savings banks shifted the emphasis of their investments to the residential mortgage market, and especially to FHA mortgages where the net yields became attractive as compared with declining yields on bonds. The increased availability of FHA financing was matched by a demand for housing, thus leading to the stimulation of residential construction noted earlier. Moreover, the flow of investment funds away from lower yields in the bond market acted to remove some of the downward pressure on corporate bond yields.

These were the basic demand and supply forces operating in the long-term capital market which held long-term rates stable and which ultimately would have produced a rise. However, the sharp rise of interest rates beginning in late June of last year can be traced in particular to the bursting of the bubble of speculation in government bonds which took place at that time. As noted earlier, the financial market in early 1958 developed the expectation that bond prices were bound to rise and yields to decline during the recession as the result of an easy credit policy. It was this expectation that led to the heavy speculation on credit in government securities (specifically the 2⅝s of June, 1965) in mid-1958. When the speculative bubble burst, the decline in government bond prices set in motion a rise of yields which was based on a more sober view of the prospects for monetary policy, as well as the strong demand for capital funds from industry, residential construction, and Federal, state and local government.

This changed investor psychology was strengthened in August when the Federal Reserve made its first move back in the direction of credit restriction by rising the rediscount rate. By this time the business recovery was under way and the huge Federal budget of nearly $13 billion in fiscal 1959 had begun to revive concern about inflation and to develop an inflation psychology by the public. There is little doubt in my mind that the public expectation of inflation causes an inflation premium to develop in the interest rate, and this is a further reason for the rise of rates. In recent weeks it has been natural for interest rates to go higher as we have moved into full recovery and greater pressures on the supply of capital funds have developed.

In addition to the spectacular movement of interest rates during the past year, there have been a number of highly significant developments in the area of Federal financing. The most important, of couse, has been the very existence of the huge $13 billion Federal deficit in fiscal 1959. There are many aspects of the deficit which might be discussed, but I would like in particular to call attention to the success which the Treasury has had in placing its debt in the hands of business corporations. The holdings of government securities by corporations increased from $13.3 billion in June, 1958 to $21 billion in March, 1959 — an increase of $6.7 billion. Corporate holdings of government securities in excess of their tax liabilities rose about $4.5 billion from June, 1958 through March, 1959. The increase in corporate holdings of governments is, of course, a product of the sharp increase in corporate profits as business recovery has proceeded, along with the lull in corporate expansion.

Will Corporations Liquidate?

The big question before us today is whether the corporations will continue to hold this increased amount of governments—and perhaps even increase their holding further in the first half of fiscal 1960 when the Treasury will be required to raise about 9 billion of new money. Or will they liquidate some of these governments, as many believe, to finance [illegible]ion and plant and equipment expenditures as business recovery comes into full bloom? The reason this is especially important, of course, is that business corporations are nonbank investors and as such their purchases of governments do not produce an increase of the money supply. If they proceed to liquidate their holdings of governments, or even if they do not increase them further in the period July-December of this year, the Federal Reserve may face serious pressures to supply reserves to the commercial banks to accommodate Treasury financing needs. This would not be a happy prospect if the national economy moves into a full recovery by the second half of the year. This would not be the time for an inflationary expansion of the money supply.

What can be said to support the contention that corporations will not liquidate, and perhaps even increase, their holdings of Governments during the balance of this year? One strong argument is that we are now in the midst of a powerful recovery of corporate profits. During the first quarter of 1958 corporate profits had fallen to a recession low annual rate of $31.7 billion (before taxes). As the result of business recovery and the economies achieved by the use of new plant and equipment built during 1955-1957, corporate profits had already risen to an annual rate of slightly over $45 billion in the fourth quarter of 1958 on a seasonally adjusted basis. Many competent students of corporate profits now expect that corporate profits may rise as high as $53-55 billion in 1959. This expected high rate of profits is a good reason in itself to anticipate that corporations will maintain—or even increase—their holdings of Government securities. In addition, it is generally expected that corporate plant and equipment expenditures will not increase appreciably during the balance of this year, so that there may not be much pressure on this account to cut holdings of Government securities. But, as can be seen, it is still anyone's guess as to what will happen to corporate holdings of Governments in the balance of this year, and this is an area of Federal financing which bears close watching.

Higher Rate for Governments

Another development of major interest in the Federal financing field is the fact that the yields on long-term Government bonds have now risen beyond the 4¼% statutory interest ceiling on Government securities with maturities in excess of five years. This means that at the present time, and in the foreseeable future if present trends continue, the U. S. Treasury cannot sell long-term bonds to nonbank investors unless Congress grants an increase in the statutory rate. Thus far no request has been made by the Treasury for an increase in the statutory rate, which request would undoubtedly raise a great political hue and cry. Unless, however, we are to resign ourselves to selling short-term securities a large part of which may go into the commercial banks, it seems that Congress will be compelled to raise the statutory rate. In any event, the statutory rate is a phenomenon of World War I and there is little place for it in a free capital market. The Treasury has enough trouble raising long-term funds without being handicapped by a rate ceiling.

It is interesting to note that, as Treasury financing has been crowded into the shorter maturities, a significant change has taken place in the yield curve on Government securities. In April of 1953, for example, the yield curve sloped upward to the right—that is, the yield increased progressively from the shorter- to the longer-term issues up to 15 years and then flattened out. Today, except for the one-year or under maturities, the yield pattern shows higher rates in the short maturities and the curve slopes downward with the long-term yields slightly below the yields on shorts.

A significant development in Federal financing in the past year is the progress which the Treasury has made toward a better spacing of its maturities. That is, much success has been achieved toward quarterly spacing of Treasury financing. This has the advantage of reducing the constant parade of the Treasury to the market, and it gives the Federal Reserve a freer hand in monetary policy actions.

Finally, by far the most important development in Federal financing is the fact that the Treasury's efforts to balance the budget in fiscal 1960 seem certain to be successful. Despite the skepticism of a year ago, it now is becoming clear that the budget will be brought into balance at about a $77 billion level. The Administration deserves a great deal of credit for this result. Of course, Congressional action may still upset calculations, but if corporate profits rise above the $50 billion level this year, it may very well be that a slight surplus will develop.

Balance of the Federal budget should have some enormous advantages for national economic good health. For one, it will serve to dampen the inflation psychosis as the public becomes aware that the Administration has assumed greater control of Federal spending. For another, it will remove the Treasury as a major source of demand for capital funds, and will thus relieve the pressures on the capital markets. As I noted earlier, the Treasury will be required to do about $9 billion of new money financing in the second half of this calendar year, but this is a seasonal matter, and this borrowing will undoubtedly be repaid in the first half of calendar 1960. Still another great advantage of a balanced Federal budget is that it will provide greater freedom for the Federal Reserve authorities to carry out their policy actions.

Examines Equities' Market

Any talk on the subject of financial market developments would be incomplete without some mention of what has been going on in the common stock market. Like most observers, I have marveled at the way stock prices have climbed in the great bull market. Early in May, for example, Standard and Poor's composite common stock yield index stood at about 3.20%, as compared with Moody's AAA corporate yield index of 4.30% at the same time. What are the reasons for the behavior of the stock market?

The paramount reason has undoubtedly been the inflationary psychology which has gripped the general public. As the expectation of "creeping inflation" has grown, the stock market has been resorted to as a means of trying to hedge against rising prices. There is little doubt that personal savings which might have gone into fixed-income securities, either directly or through savings institutions, have been diverted in large amounts to the stock market. Thus, we have experienced a greatly increased flow of funds into the stock market in a period in which the floating supply of stocks has tended to be comparatively static. The factors holding down the increase in supply of stocks are: (1) The capital gains tax, which tends to make purchasers hold on to their stocks; (2) The fact that interest is a deductible cost for corporations for tax purposes, which encourages debt financing; and (3) The unwillingness of corporate management to dilute ownership through the issuance of additional stock. These factors have led some observers to state that some common stocks are getting to be like rare paintings.

It seems to me that two developments now in the making will have an important bearing on the future of stock prices. One of these is that a balanced Federal budget—if it does come to pass—should take a lot of the steam out of the inflation psychology which is abroad in the country. The other is that we are now beginning to see signs that the low cost of equity financing is encouraging an acceleration in the issuance of common stocks and convertible debentures. This should exert an important effect on the supply side of the stock market.

Looking Ahead

In concluding, what can be said briefly about the economic and financial outlook for the balance of the year? Most observers agree that general business conditions will continue to improve as the year goes on. My guess is that the level of GNP will rise to about $475 billion for the year as a whole. There is little doubt that the threat of a steel strike, and the resulting inventory buildup, accelerated the pace of recovery in the current quarter. Whether a strike materializes or not, the pace of recovery seems likely to slow down somewhat in the third quarter, with a stepup in the final quarter. I expect this to turn out to be a big year for residential construction. Based on mortgage commitments already on the books of institutional investors, it would not surprise me if private housing starts ran as high as 1.4 million this year. Toward the year-end, however, we are likely to see the effect on starts of a lessening availability of residential mortgage credit.

Also, as the year goes on we may expect a rise in plant and equipment spending by business and industry. This will probably not be of major proportions, however, in view of the heavy plant expansion carried out by business and industry during 1955-1957. In addition, the indications now are that this will be a big year for durable consumer goods in general and that sales of American-made automobiles will be he highest since 1955, probably rising to 5¾ million cars.

So far as financial markets are concerned, I anticipate, that for the balance of this year the combined demand for capital funds by business and industry, the Federal Government, state and local government, and for residential financing will press against the supply and that by the year-end long-term interest rates will be somewhat higher than at present.

Municipal Bond Club Field Day June 12th

The Municipal Bond Club of New York will hold its 26th annual field day on Friday June 12 at the Westchester Country Club, Rye, N. Y.

A golf tournament will be featured, with prizes for low gross (member); low gross (guest); low net (member); low net (guest); lowest net score each foursome; longest drive (2nd hole) and "nearest-the-pin" (10th hole). John W. Large, C. J. Devine & Co., is in charge.

A doubles tennis tournament has also been arranged with prizes for winner and runners-up, under the direction of Joseph B. Wise, J. A. Hogle & Co.

John G. Thompson, Morgan Guaranty Trust, will organize a softball game, with the teams to be headed by Alan N. Weeden, Weeden & Co., Inc., and James G. Couffer, Jr., Drexel & Co.

A horseshoe pitching meet, with prizes for first, second and third teams, will also be held under the direction of Robert Schlicting, Kidder, Peabody & Co.

Bridge and swimming are also to be featured.

Members of the Field Day Committee are Jerome J. Burke, Blyth & Co., Inc., General Chairman; George W. Hall, Wm. E. Pollok & Co., Chairman's Committee.

Arrangements Committee: Wilson D. Lee, Rand & Co., Chairman; Edmund O'Leary, Eastman Dillon, Union Securities & Co.; William Simon, Weeden & Co., and Edwin A. Bueltman, Blair & Co. Incorporated.

Announcements Committee: James F. Reilly, Goodbody & Co., Chairman; William P. McKay, Blue List Publishing Co.; William S. Shanks, The Bond Buyer.

Finance Committee: Truxton Pratt, The Bankers Trust Company, Chairman; Arthur T. Dilger, Weeden & Co., and Coleman B. McGovern, First National City Bank.

Prizes: Alfred Bianchetti, J. A. Hogle & Co., Chairman; Donald Breen, Glore Forgan & Co.; William M. Durkin, First National Bank of Chicago (New York); Harry W. Faath, Jr., Marine Trust Company; Edward Meyers, Laidlaw & Co.; and Charles V. Smith, Clark Dodge & Co.

Sports Committee: Theodore P. Swick, White, Weld & Co., Chairman; John Large, C. J. Devine & Co.; Robert Schlicting, Kidder Peabody; John G. Thompson, Morgan Guaranty Trust Co.; Chester W. Viale, L. F. Rothschild & Co.; and Joseph B. Wise, J. A. Hogle & Co.

Members of the Committee for the "Daily Bond Crier," the group's humorous newspaper, are Eugene E. Kelly, Carl M. Loeb, Rhoades & Co., Chairman; Leonard A. Bucci, Bond Buyer; Joseph C. Cross, C. J. Devine & Co.; Berger Egenes, Merrill Lynch, Pierce, Fenner & Smith, Incorporated; Francis P. Gallagher, Jr., W. H. Morton & Co., Inc.; William B. Kondratuk, Reynolds & Co.; Edward Meyers, Laidlaw & Co.; Henry Milner, R. S. Dickson & Co., Inc.; Frank J. Murphy, John Nuveen & Co.; James F. Reilly, Goodbody & Co.; William S. Shanks, The Bond Buyer; William E. Simon, Weeden & Co., Inc.; Charles V. Smith, Clark, Dodge & Co.; and John G. Thompson, Morgan Guaranty Trust Co.

Copies of the "Bond Crier" will be available June 11 from William Simon, Weeden & Co. for $1 per copy.

Appointed Trustees Of Fordham Univ.

Joseph A. Kaiser, President of the Williamsburgh Savings Bank, and Paul E. Manheim, partner in Lehman Brothers, have been named to the newly-created Board of Lay Trustees of Fordham University. Announcement of the appointments was made by Fordham's President, the Very Rev. Laurence J. McGinley, S. J.

The Board of Lay Trustees, according to its by-laws, will be the "principal lay board of the university" and has been formed "to advise, assist and cooperate with the president and administrators of the university."

It is the first formally organized lay trustee group in Fordham's 118-year history. Legal ownership of the university and ultimate policy control will continue to reside in the Society of Jesus, in accordance with the statutes of the university.

Chicago Analysts Hear

CHICAGO, Illinois—William G. Karnes, President of the Beatrice Foods Co. will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held May 28 at the Midland Hotel.

Continued from first page

The Development Bank and Puerto Rico's Progress

of government investment have been channeled into the creation or expansion of basic public facilities required to support a rapidly growing industrial economy.

World's Top Investment Rate

During recent years Puerto Rico has experienced one of the highest rates of investment in the world. Investment in new construction, machinery, and equipment has increased from an annual rate of $29 million in 1940 to $108 million in 1950, and $274 million, or 21% of gross product, in 1958. This high rate of investment, which is evidenced in the economic progress enjoyed by Puerto Rico today, is a clear indication of the soundness of Puerto Rico's economic development.

Describes Development Bank

The Government Development Bank plays a leading role among the institutions concerned with financial aspects of Puerto Rico's development. This institution is vested with important responsibilities in the financial sphere. The Bank has two basic functions: to provide medium and long-term financing for the creation or expansion of projects which will further the development of the Puerto Rican economy, particularly for manufacturing purposes; and to procure funds for Puerto Rico's public borrowers. In a more general sense, the Bank initiates and collaborates with other public and private institutions in the expansion and development of the financial aspects of the Puerto Rico economy.

The Bank is an autonomous public corporation entirely owned by the government of Puerto Rico. It was established in 1942 by the Legislative Assembly of Puerto Rico to provide developmental loans to private industry. In 1945 the Bank was made fiscal agent — or borrowing agent — for the Government of Puerto Rico and for the municipalities and public corporations of Puerto Rico. In 1948 a new charter was enacted which more clearly defined the institution's powers and responsibilities.

The Bank is governed by a seven-member board of directors appointed by the Governor. Although none of the Bank's capital has come from private sources, only four of the present directors are government officials: the Secretary of the Treasury (who serves as Chairman of the Board), the Secretary of State, the Administrator of the Economic Development Administration and the Chairman of the Puerto Rico Planning Board. The other directors include two prominent Puerto Rican businessmen and Mr. Beardsley Ruml of New York.

Although not strictly a central bank, the Development Bank is endowed with certain powers usually associated with central bank operations. In addition to its function as fiscal agent for Puerto Rico's public borrowers, the Bank serves as a depositary for government funds; however, it does not accept deposits from the general public. The Bank is also empowered to discount commercial paper for the local banking system. Although it has not made use of this authority, the Development Bank has made loans to commercial banks for short periods of time on a few occasions in the past. The Bank also acts as settling agent for the clearing of checks among banks in Puerto Rico through a non-member account with the Federal Reserve Bank of New York.

The Development Bank has always worked closely with other developmental agencies. Its industrial lending operations are coordinated with the Economic Development Administration (EDA) and the Puerto Rico Industrial Development Company (PRIDCO) — the agencies chiefly responsible for the aids-to-industry program which has enjoyed such marked success since it was initiated in 1950. The EDA Administrator is on the Bank's Board of Directors and the President of the Bank serves ex-officio as a member of PRIDCO's key investment committee.

Financial Resources

As of Feb. 28, 1959, the Bank's total assets amounted to $63 million. Original financing consisted of legislative appropriations totalling $20.5 million. Although the Bank's primary objective is to contribute to economic development by serving the borrowing entities rather than to achieve a strong showing in terms of net operating income, it has, nevertheless, succeeded in accumulating a surplus of $11 million since the start of operations. Its capital accounts aggregated $31.5 million as of Feb. 28, 1959. Experience has shown that the Bank must demonstrate a strong financial position, both to perform properly its lending and fiscal agency functions and to engage in borrowing from time to time for its own account.

The Government Development Bank has borrowed on several occasions to supplement its own resources. In 1957 it sold a five year general obligation note issue totalling $15 million to a group of Puerto Rican and mainland banks. To facilitate the widest distribution possible, the notes were made available in bearer as well as named payee form. As a step toward creating a wider market for Government Development Bank debt obligations, this borrowing opened a new avenue of access to investment funds needed in both private and public sectors of the Puerto Rican economy.

Private Business Loans

The Government Development Bank will consider loan applications for private projects which would advance economic development n Puerto Rico, particularly with respect to increasing industrial production and employment. Such loans are granted, when, in the opinion of the Bank, the desired credit is not otherwise available on reasonable terms. The Development Bank does not compete with commercial banks or other lending institutions; but rather, the Bank's loans serve to supplement financing available from other sources.

Loans are normally approved on the basis of the Bank's evaluation of the anticipated success of the project as well as the credit history, the capital structure and the production and marketing experience of the applicant. Firms that borrow from the Bank may be new or long established, locally or externally owned, tax exempt or subject to taxation, large or small.

The following categories are typical of the types of loans which the Bank will finance: (1) construction, expansion and improvement of industrial or commercial buildings, (2) acquisition of machinery and equipment, (3) industrial inventories in exceptional cases when the loan cannot be handled by private sources, and (4) hotels or other essential tourist facilities.

At present the Bank charges an annual interest rate of 6% for industrial loans and a slightly higher rate for other types of loans. Loans for industrial and commercial building purposes will normally be considered for a term of up to 15 years. When the collateral offered consists of machinery and equipment, the life of the loan may not exceed five years. Short-term loans are occasionally granted under special circumstances.

The Bank will normally lend up to 60% of the appraised value of land and improvements and up to 50% of the appraised value of machinery and equipment as collateral. The percentage actually loaned depends upon such factors as the significance of the borrower's operation to the development program, the profit expectancy of the operation, and the resale value of the collateral. The normal collateral requirements may be waived by the management on loans of up to $10,000 to small businesses engaged in activities which would contribute to the development of the economy. A first mortgage is required except under special circumstances.

Loans granted by the Government Development Bank are disbursed only after acceptable evidence is presented by the borrower to the effect that the machinery and equipment is properly installed and operating, or that the buildings are constructed. During the period between approval of the loan and the installation of machinery or construction of buildings, the Bank extends a commitment letter enabling the borrower to procure interim financing from a commercial bank. Thus the Bank collaborates with the commercial banking system and adheres to its noncompetitive policy.

From the start of its private lending operations in 1944 through February of this year, the Bank had disbursed $65 million distributed as follows: $27 million for manufacturing; $9 million for other enterprises such as tourist facilities and commercial centers; $26 million in temporary financing for housing projects prior to 1951; and $3 million to commercial banks.

According to a special study of manufacturing firms financed by the Bank, it was estimated that private capital put in motion by virtue of Government Development Bank loans amounted to $60 million through 1955. These same manufacturing firms accounted for 19% of total factory employment in Puerto Rico and contributed more than $25 million to Commonwealth net income in that year.

The Development Bank has encouraged loans in participation with commercial banks and other institutional lenders, including the Federal Small Business Administration and the Puerto Rico Industrial Development Company. For example, in 1956 it joined with The Chase Manhattan Bank in making a $2 million loan to Central San Vincente, the second largest sugar mill in Puerto Rico. Another loan to a sugar mill was made recently in participation with the Banco Credito y Ahorro Ponceno. In 1956 a loan of over $4 million was disbursed by the Bank as part of a $12 million investment in the Caribbean Refining Co., the first oil refinery established in Puerto Rico; the balance was mostly mainland capital largely supplied by institutional investors. The Government Development Bank is also participating to the extent of nearly $4 million in a loan to Gonzalez Chemical Industries, a large Puerto Rican chemical fertilizer plant which has been financed principally by mainland institutions. In addition to arranging participation loans, the Bank assists in attracting directly various types of private external financing for developmental purposes in Puerto Rico through contact with financial institutions and investors in the States.

At first it may seem curious that loans are granted by two governmental agencies in Puerto Rico — the Government Development Bank and the Puerto Rico Industrial Development Company. Firms that cannot meet the lending standards of the Government Development Bank with respect to collateral, capital ratios, experience, etc., are referred to PRIDCO when it is felt that the establishment or expansion of a particular enterprise would be important to the development program. In some cases PRIDCO has also made loans in participation with the Government Development Bank. In other cases PRIDCO loans have been sold to the bank after the enterprises have demonstrated satisfactory operations.

Recently the Development Bank initiated a program of sales from its loan portfolio to other financial institutions. As the Bank's loans become seasoned through demonstrated success of the borrowing firms, commercial banks have shown interest in the purchase of short-term portions of the Bank's portfolio. The objective of this policy is to permit a more rapid turnover of the Bank's resources, thus making additional funds available for new financing.

Fiscal Agency Operations

As fiscal agent—or official borrowing agent—for the Commonwealth Government, the municipalities and public corporations of Puerto Rico, the Government Development Bank advises, plans, coordinates and executes all pertinent technical services. The Bank seeks to meet the financial needs of public entities in Puerto Rico on an orderly basis, using forms of borrowing that best suit the conditions of the U. S. capital market and the character of the borrower. The Bank also advises officials of the public bodies on all actions or conditions which may have a bearing on the capacity to use or to receive credit financing.

In connection with its fiscal agency operations, the Development Bank maintains an office in New York City, at 37 Wall Street. This permits officials of the Bank to maintain close day-to-day contact with the mainland financial community. Greater insight is thus attained concerning the conditions and requirements of the money market as they affect Puerto Rico. The New York office will also provide prospective private borrowers with information about the Bank's lending programs.

Use of a single authorized fiscal agent offers certain valuable advantages. The services of the Government Development Bank offer flexibility in operations, eliminating duplication of organization and effort that would follow if each borrower acted independently. This system avoids disorderly competition for limited funds, and it provides an institutional means of accumulating experience for the benefit of all public borrowers.

Of the more than $700 million of credits arranged by the Bank for governmental borrowers since 1945, over $300 million was in the form of long-term funds for capital investments. This financing has enabled Puerto Rico to provide public works essential for rapid economic growth — highways, schools, water and sewer systems, and electric power networks. Increasing confidence on the part of private investors in the social, economic and political stability of Puerto Rico is evidenced from the large amount of public finance successfully conducted over the past few years.

I might add that the Government of Puerto Rico, its municipalities, and the public corporations of Puerto Rico have an unblemished debt record. They have never defaulted or been delinquent in the payment of principal or interest on any of their financial obligations.

Developing the Financial Community

In addition to its functions in the field of private lending and its activities as government fiscal agent, the Bank serves in the wider role of developing an ever stronger and more attractive financial environment in Puerto Rico.

In 1952 the Bank was granted permission to establish a non-member clearing account with the Federal Reserve Bank of New York, thus enabling it to serve as settling agent for banks in Puerto Rico. This voluntary system has facilitated the daily settlement of claims arising from the exchange of checks in Puerto Rico—thus greatly reducing the "float," or uncollected balances.

Just a little over a year ago, an important step took place which brought the Puerto Rican banking community closer to the mainland financial system. On Jan. 1, 1958, the Federal Reserve Board announced that Puerto Rico would be considered "in or of the Second (New York) Federal Reserve District." This action followed the adoption of par clearance of checks by banks in Puerto Rico. This change in policy has aided the business communities of Puerto Rico and the States by enhancing the mobility of funds between the two areas. Officials of the Federal Reserve Bank of New York visit Puerto Rico each year to review with the commercial banks and the Development Bank various aspects of the check clearance and settlement system and other matters of common interest.

Another way in which the Government Development Bank serves the financial community is through the operations of the Finance Council of Puerto Rico. This Council is presently composed of the heads of eight government agencies — including the President of the Government Development Bank—and three persons from outside of the government. The Economic Research Department of the Bank serves as Secretariat of the Council. The function of the Council is to make recommendations of a financial character to the Governor through joint consultation and research. The work of this body helps to coordinate the financial operations and policies of the various government agencies and departments. In 2½ years of existence, the Council has considered a wide range of financial topics, especially in the field of financial legislation. By contributing to the improvement of policy formulation within its area of responsibility, this advisory body has clearly met a long felt need in the Commonwealth Government.

Contribution to Development Program

The Puerto Rican economy has experienced a number of basic structural changes since the Bank was first established. The activities of this institution has evolved to meet new circumstances and conditions as they arise. During the early years of the Bank's existence, there was little demand for private developmental lending. Most of Puerto Rico's industrial expansion has taken place since 1950; consequently, the Bank's activities in the field of private lending have increased sharply in magnitude during the past few years. Although this institution initiated private lending in 1944, more than two-thirds of the total amount disbursed in business loans occurred during the eight years since 1950.

Although most of the Bank's private lending has been and still is for manufacturing purposes, the Bank has helped to finance development in many fields. The Bank's loan policies have not been—nor need they be—centered solely on manufacturing. As long as resources are adequate to extend lending programs, the Bank's resources will be directed to other fields, wherever sound development projects require financial assistance that private enterprise is unable to provide. An expanding economy must grow in many directions. Loans totaling $9 million granted by the Bank for commerce, tourism and other business purposes have proved highly beneficial. In some cases these loans have bolstered areas of the economy which service the industrial sector; in other cases they have initiated or stimulated new programs which will aid in general development of the economy.

Government Development Bank interim financing for private housing development prior to 1950 is an example of the results of its nonindustrial financing. Large scale low cost private home construction required special encouragement during the early stages of the development program. This approach to housing development was unfamiliar to local home builders and generally to local financial institutions. The Government Development Bank financed the construction and sale of several of the first really large projects whose mortgages received a Federal guarantee. The successful conclusion of these pioneering efforts opened the way for private institutions to take over the field completely and to develop on their own a market for such housing mortgages in the United States. The Bank is currently re-examining the housing field to determine if it can extend any additional assistance, particularly with respect to low cost housing.

Increasing attention is currently being given by the Bank to a rising credit demand from the private sector. Although loans for manufacturing still predominate among the Bank's disbursements, financial assistance is also being extended to a great variety of new enterprises—such as supermarkets, hotels, shopping centers, and agricultural enterprises. To cite another new area in which the Bank is helping—financing is now being provided for the construction of "condominium" buildings where individual apartments or offices are owned separately. The Bank is participating in this latter type of financing because it is believed that such structures will help to bring about a more balanced urban development.

In recent years the Bank's fiscal agency functions have also continued to grow in importance. There is a pressing need for continued improvement in those public services basic to a successful industrial expansion. It is the Bank's responsibility to continue to arrange for the financing of capital requirements necessary to expand these public services. A number of encouraging developments point to continued success in this field. Wider familiarity with Puerto Rico and its public borrowing entities promises to facilitate the efficient performance of the Bank's fiscal agency activities. The development of a growing local market for municipal bond issues is an additional encouraging sign. A coordinated effort to secure wider private participation will leave the Bank in a position to devote greater resources to the financing of new and untried projects significant to the economy.

This combination of functions performed by the Government Development Bank—in the sphere of private lending, in the conduct of public borrowing operations, and as a leader in developing a stronger and more attractive financial environment—has contributed importantly to the establishment of a firm base for continued economic development in Puerto Rico.

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pact, steel companies will demand important changes in the current agreements.

"This blast has stunned the labor side as much as the steel workers' divide-and-conquer threat shook the management side," commented "Iron Age."

The metalworking weekly continued: "Under the guise of protecting the economy by striking only one or two steel firms, Dave McDonald could force the other steel companies to fish or cut bait. Either they would have to shut down or operate under a "mutual assistance" arrangement. If the unstruck plants shut down, it is almost certain that their employees would get state unemployment compensation benefits. Thus by a divide-and-conquer scheme Dave McDonald could subsidize a strike and reduce the pay loss. He could also get more time to apply the screws for a good settlement."

Both the union and the steel companies are debating separately just what should be done and how each other's moves should be met. This is one reason why there has been a news blackout. There hasn't been much for either side to say. Another reason is that both sides have had their fill of public economic debate at press conferences.

"Iron Age" said that in the past week the steel negotiators have been hammering away at Mr. McDonald's demands—sentence by sentence. They have tried to smoke out Dave to see what he actually wants. Once the steel management side gets an idea of Mr. DcDonald's rock-bottom demands, another long hassle is in prospect. The reason: Mr. Eisenhower has effectively intimidated any steel company or companies who had thought they might possibly—as a last resort—increase prices to meet part of a wage cost increase.

The atmosphere of the steel labor talks is so cold that a breakoff could come suddenly, although Mr. McDonald's staff is cautioning him against such a move. The solidarity of the steel side is reaching some kind of a new high.

Thus there is little chance of a settlement before June 30. A six- to eight-week strike becomes more probable each week.

Meanwhile, steel users are pressuring the mills for delivery. Steel sales departments are spending a lot of time just answering customer calls and running down the progress of orders. At the same time, orders for third quarter delivery are coming in strong —stronger than had been expected. The feeling is they represent less "protection" tonnage against a strike and more for actual need.

52 Steelmakers Will Continue Operations if Strike Occurs

Delivery pressures are being exerted by consumers who want to get their steel in before the strike deadline of June 1, "Steel" magazine said May 25.

The situation is getting so frantic that company chairmen and presidents are phoning the mills, sending telegrams, and making personal calls to expedite shipments. By June 30, some mill shipments may be four to five weeks behind.

Even if everything steel consumers ordered were coming in on schedule, they would be in trouble because they didn't order enough. As a result, recent deliveries haven't been large enough to replace steel taken from inventory.

Strike fears are persisting, "Steel" said. Three weeks of discussion between the industry and the United Steelworkers on terms of a new contract have done nothing to allay consumers' fears of a lengthy strike.

It's too early for the United Steelworkers to decide precisely what the strategy will be in case of a strike, but it's undoubtedly considering the merits of a selective strike—a walkout in one or a few of the major steel companies. The union has never struck selectively, but it might do so if government and member pressures against a general walkout are strong.

A "Steel" survey indicates that 52 producers will continue to operate if the steelworkers go out on general strike this summer. But their output—under 1.5 million tons a month at full capacity —isn't enough to be of much help. That represents 12.2% of the industry's capacity. Besides, most are booked solid through the period of any likely strike.

During the month-long strike three years ago, 64 companies with monthly capacity of about 2 million ingot tons (18% of capacity) stayed on the job.

If there is no strike July might not be as slow as most steelmen thought a month or so ago, the magazine said. It will be a catchup month. Any orders that customers had sent in specifying July delivery will be held in abeyance until the back orders are filled. That could represent considerable tonnage. Some mill officials are revising third quarter operating estimates up to 65% of capacity if there is no walkout.

Last week, steelmakers operated their furnaces at 95.5% of capacity and turned out 2,704,000 ingot tons—largest output in history.

Primary aluminum production is headed for a record year as firms step up operations to keep pace with rising sales, "Steel" reported. Earlier in the year, industry spokesmen predicted 1959 output would hit an all-time high of 1.9 million tons. It now looks like the estimate will possibly be surpassed.

"Steel's" price composite on No. 1 heavy melting grade of steelmaking scrap held last week at $33.33 a gross ton.

Steel Output Based on 94.3% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average 166.3% of steel capacity for the week beginning May 25, equivalent to 2,671,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *164.6% of capacity and 2,644,000 tons a week ago.

Actual output for the week beginning May 18, 1959, was equal to 93.4% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 94.3%.

A month ago the operating rate (based on 1947-1949 weekly production) was *163.5% and production 2,627,000 tons. A year ago the actual weekly production was placed at 1,567,000 tons, or *97.5%.

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

Warns of Unwieldy New Auto Inventory

Ward's Automotive Reports cautioned May 22 that if car output schedules are not cutback in late June and July, dealer inventories may reach the 1,000,000-unit mark.

With used car stocks crowding 800,000 units, this would result in a perhaps unwieldy inventory of nearly 2,000,000 vehicles, highest all-time count in history.

Ward's calculated output at 133,739 automobiles in the week ended May 23 compared to 135,856 in the earlier week. The 1959 high is 135,953, set Jan. 12-17.

The statistical publication indicated car output will fall to the 120,000-unit level this week, when some producers will close down Friday (May 29) to give their workers a long holiday week end.

Ward's said Oldsmobile in Lansing and Studebaker in South Bend will be idle on Friday. It appeared that other General Motors plants would operate only four days, as well as various Chrysler Corp. factories. Reports were that Ford Motor Co. and American Motors planned to work five days this week.

The recent week's industry reduction in car volume was attributed to General Motors, whose output sank 3.8%. Ford Motor Co., Chrysler Corp., American Motors and Studebaker-Packard all equalled or surpassed previous week's levels.

Six-day car-making was in effect at 11 plants in the recent week, according to Ward's; eight Ford Division factories, including Edsel at Louisville, Ky.; Lincoln-Thunderbird at Wixom, Mich.; Pontiac at Pontiac, Mich.; and Rambler in Kenosha, Wis., which again sought to reach an American Motors all-time weekly production high.

Four-day operations were scheduled by Dodge Main and Imperial in Detroit, down Monday (May 25), and Chevrolet in Oakland, Calif., idle Friday (May 29). Dodge Main turns out some De Soto models as well as Dodges.

Ward's reported truck schedule at 27,295 units for the week ended May 23, up 0.9% over previous week (27,051) and only 0.7% below the 1959 peak of 27,480 established May 4-9.

Last week's combined car-truck volume of 161,034 represented a 1.1% fall from preceding week's 1959 record of 162,907.

Electric Output 14.3% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 23, was estimated at 12,931,000,000 kwh., according to the Edison Electric Institute.

For the week ended May 23, output increased by 247 million kwh. above that of the previous week and showed a gain of 1,615,000,000 kwh. or 14.3% above that of the comparable 1958 week.

Car Loadings 23.8% Above Corresponding 1958 Week

Loadings of revenue freight for the week ended May 16, totaled 694,380 cars, the Association of American Railroads announced. This was an increase of 133,340 cars or 23.8% above the corresponding week in 1958, but a decrease of 27,764 cars, or 3.8% below the corresponding week in 1957.

Loadings in the week of May 16, were 16,982 cars, or 2.5% above the preceding week.

Lumber Shipments 0.5% Above Production For May 16 Week

Lumber shipments of 478 mills reported to the National Lumber Trade Barometer were 0.5% below production for the week ended May 16. In the same week new orders of these mills were 3.2% above production. Unfilled orders of reporting mills amounted to 47% of stocks. For reporting softwood mills, unfilled orders were equivalent to 22 days' production at the current rate, and gross stocks were equivalent to 43 days' production.

For the year-to-date, shipments of reporting identical mills were 2.8% above production; new orders were 5.6% above production.

Compared with the previous week ended May 9, production of reporting mills was 1.7% above; shipments were 1.0% below; new orders were 1.1% below. For the latest week, as against the corresponding week in 1958, production of reporting mills was 6.3% above; shipments were 6.3% above; and new orders were 12.3% above.

Business Failures Decline Sharply

Commercial and industrial failures dropped to 259 in the week ended May 21 from 311 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level since the first week of this year, casualties were considerably below the 337 occurring a year ago and the 309 in 1957. Fifteen per cent fewer concerns succumbed than in the comparable week of prewar 1939 when 303 were recorded.

Casualties with liabilities of $5,000 or more declined to 227 from 275 in the previous week and 299 last year. There was a slight dip among small failures, those involving liabilities under $5,000, to 32 from 36 a week earlier and 38 a year ago. Nineteen of the failing businesses had liabilities in excess of $100,000, as against 30 in the preceding week.

Retailing accounted largely for the week's downturn; the toll in this group fell to 132 from 161. As well, casualties among wholesalers dipped slightly to 21 from 26, among construction contractors to 36 from 50, and among commercial services to 26 from 30. In contrast, manufacturing failures remained at 44, the same as last week. No industry or trade group had as many failing concerns as in the similar week of 1958.

Geographically, the week-to-week decrease was concentrated in five of the nine major geographic regions. The toll in the Pacific States fell to 55 from 73, in the South Atlantic States to

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16 from 33, while milder declines prevailed in the South Central and Mountain Regions. On the other hand, failures remained about even or slightly above the previous week in New England, Middle Atlantic, East and West North Central States. In six of the nine regions, business mortality was lower than a year ago; only the New England and West North Central States reported increases from 1958, and the Mountain States held steady.

Wholesale Food Price Index Hits Lowest Level So Far This Year

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined to $6.10 on May 19, the lowest level so far this year. It was fractionally below the prior 1959 low of $6.11 set on March 3. The current level was 0.7% below the prior week's $6.14 and down 8.3% from the $6.65 of the corresponding date a year ago.

Up in price this week were flour, wheat, corn, oats, sugar, cottonseed oil, cocoa, and hogs. Lower in price were rye, barley, beef, hams, bellies, lard, coffee, and steers.

The Dun & Bradstreet, Inc. 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 Dips Somewhat

The general commodity price level slipped in the latest week, reflecting lower prices on most grains, coffee, lambs, hogs, and steers. On May 25 the Daily Wholesale Commodity Price Index stood at 275.87 (1930-32=100), down from the 276.52 of the prior week and the 281.01 of the corresponding date a year ago.

Reports of favorable weather conditions in growing areas and a slackening in both domestic and export buying resulted in a decline in most grain prices this week. Despite continued light country marketings, purchases of wheat fell noticeably and prices were down moderately. There was an appreciable decline in rye prices during the week, reflecting lower trading.

Although offerings were light and trading was steady, corn prices slipped fractionally this week. Influenced by a decline in turnover, oats prices were moderately lower. There was a noticeable dip in export buying of oats. Soybeans prices remained close to the prior week, and both domestic and export volume was steady.

While the buying of flour was limited this week, prices were fractionally higher. Buyers were waiting for a new crop offerings before making replacements. Wholesalers reported a decline in rice stocks and buying picked up; rice prices were unchanged from the prior week. Export buying remained at a high level and negotiations were under way for selling more rice to Pakistan, Egypt and Argentina.

Sugar trading was quiet, but prices were steady. Purchases of cocoa declined in the middle of the week, but picked up at the end of the period; prices were down fractionally from the prior week. A moderate decline occurred in coffee prices as buying was appreciably lower.

Cattle receipts in Chicago declined this week and trading was down moderately; prices on steers dipped somewhat from the prior week. There was a substantial increase in the salable supply of hogs, but buying slackened and prices were somewhat lower. A fractional decline in lamb prices occurred and receipts were down moderately. In contrast to the dip in hog prices, lard prices rose slightly.

Prices on cotton on the New York Cotton Exchange finished the week at the same level as a week earlier. Reports that domestic consumption of cotton rose somewhat in April helped stimulate a slight rise in transactions during the week. U. S. exports of cotton during the week ended last Tuesday amounted to 50,000 bales compared with 118,000 during the comparable week a year ago and 57,000 in the prior week. Exports for the current season through last Tuesday came to 2,274,000 bales, compared with 4,624,000 in the corresponding period last season.

Retail Trade Exceeds Year Ago Volume

Although consumer buying remained close to the prior week, over-all retail trade was up appreciably from the similar 1958 period, when recession reports discouraged many shoppers. Year-to-year gains in apparel and furniture offset declines in appliances and some other household goods. Scattered reports indicate that sales of new passenger cars were sustained at a high level and marked gains over last year remained.

The total dollar volume of retail trade in the week ended May 20 was 3% to 7% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +8 to +12; East North Central +5 to +9; West North Central +4 to +8; Middle Atlantic and Pacific Coast +3 to +7; South Atlantic +2 to +6; East South Cenral +1 to +5; New England and West South Central —1 to +3.

Cool weather over the weekend in many areas stimulated interest in women's Summer coats and suits and volume in cotton dresses, sportswear, and lingerie was sustained at a high level. There were moderate gains over last year in men's apparel, especially in lightweight suits, straw hats, sports shirts, and neckwear. Sales of children's merchandise remained well above a year ago.

Furniture stores reported the most noticeable increases over last year in outdoor tables and chairs, upholstered chairs, and dinette sets. Although volume in air conditioners and fans matched that of a week earlier, sales were below expectations and slightly less than a year ago. Interest in television sets, refrigerators, and lamps lagged behind both the prior week and last year. The call for floor coverings and draperies slipped from the high levels of the prior week and were down slightly from the similar 1958 period. Sales promotions helped purchases of linens climb moderately over a year ago.

Over-all food sales slackened from the prior week, with principal declines in canned goods, frozen foods, and dairy products.

Nationwide Department Stores Sales Up 9% For May 16 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended May 16, increased 9% above the like period last year. In the preceding week, for May 9, an increase of 14% was recorded. For the four weeks ended May 16, a gain of 8% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended May 16 showed a 7% increase from that of the like period last year. In the preceding week, May 9, also for May 2 and April 25 no reports were available due to the Parcel Delivery Service strike.

Securities Salesman's Corner

By JOHN DUTTON

Information Pertaining to Social Security Can Be Used in Sales Campaign

Everyone is interested in obtaining up-to-date information on the benefits they will receive from their Social Security payments. There is still much ignorance concerning the benefits that are available to both married and single beneficiaries under the act. Many self-employed individuals as well as those in the higher salaried brackets are unaware of the extent to which these benefits can assist them in setting up a balanced retirement program.

Kalb, Voorhis & Co., 25 Broad Street, New York City, who publish a valuable service for investment dealers known as "Financial Planning" issued a very interesting bulletin entitled the "Use of Social Security in Retirement Planning" which was distributed by the Social Security Administration to each of their 584 District Offices. This bulletin discloses that all men covered by the Act have an important investment asset in their Social Security which protects them against the dangers of deflation in the years after they are 65. For example, the maximum payments possible to a covered worker and his wife at retirement would be $190.50 a month. This is the equivalent of a $29,000 annuity payable for life of the husband at 65. Under deflation (should it come) it is well argued that there would unlikely be a reduction in these monthly payments and the resulting benefits in increased purchasing power would work to the advantage of all such fixed income investments.

The point is also well taken that it would not make good investment sense for those who have the equivalent of a $29,000 annuity under Social Security to continue to commit a large percentage of their investments to other types of fixed income investments that would be worth less in the event of further increases in the cost of living. Bonds, savings accounts, saving and loan shares fall into this category. Although there is nothing fundamentally wrong with such investments, putting all of one's dollars into such investments is tantamount to betting that the current price structure is going to crumble, AND RISKING CONSIDERABLE LOSS IF THE TREND CONTINUES TO BE INFLATIONARY. With Social Security fulfilling the need for a minimum guaranteed income, it permits broader diversification in investment policy.

Suggestion

Since many investors in fixed income savings accounts today are also prospective investors in common stocks, mutual funds, and a more aggressive investment program, the problem is to obtain their interest and open the door to a discussion with them of this vital matter. We would suggest that you write Kalb, Voorhis for a copy of this excellent presentation of the average man's position as an investor for retirement. The bulletin could be offered in newspaper ads and by direct mail and those who reply could be followed by the sales organization.

The theme should be developed on a personal basis. Offer an idea such as "Build a retirement program that protects your purchasing power." Find out how your Social Security helps you to protect yourself against deflation and why you should use this excellent investment as a foundation stone in your investment planning. Learn how you can also diversify your investments to protect against the ravages of inflation. A diversified, balanced investment program will assure you of a successful retirement income. Through the use of your social security you can devote a reasonable portion of your other savings to investments that will tend to react positively toward both the long-term growth of the country and to inflationary influences should they continue in the future.

The Value of Social Security

Starting Age	No. of Yrs. of Savings to Age 65	Annual Savings Required
25	40	$293
30	35	378
35	30	497
40	25	669
45	20	936
50	15	1,392

The table above shows how much would have to be saved every year at 4% compound interest (before taxes) to age 65 to accumulate $29,000, the value of a straight life annuity (male) paying $190.50 monthly.

There is some excellent material in this bulletin that can be used by salesmen of common stocks and Mutual Funds to help them demonstrate why more people should balance their investment programs with equities and use Social Security as the anti-deflationary portion of their investment planning.

With Sweney Cartwright

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Stephen H. Cartwright has been added to the staff of Sweney Cartwright & Co., Huntington Bank Building, members of the Midwest Stock Exchange.

Form Herbert Young Co.

Herbert Young & Co., Inc. has been formed with offices at 70 Pine St., New York City, to engage in a securities business. Officers are Herbert D. Levine, President, and C. Y. Levine, Secretary. M. Levine was formerly with Peter Morgan & Co.

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A Critical Appraisal Of Mortgage Banking

we serve. The mortgage contribution to the good investment record of institutional investors has been the best and it reflects the success of the system under which we operate.

Fifth, too many mortgage bankers are making too few long term plans about such things as ownership and management succession. During my travels over the country, seeing how this business of ours operates every day, I've had an eye out for this factor. We're weak here, let no one deny it. Too many of us aren't looking ahead, making little or no provision for continuity. Investors are beginning to notice too—and they don't like it. So, put this phase of your business on the clinic table and do something about it.

Looks Into Far Term

Now, for a Far Term view of what may be ahead. Personally, I'm convinced that the mortgage banker who takes a completely realistic view of his position in the economy, satisfactorily meets and solves the problems I've mentioned, is prepared to offer a wide and comprehensive mortgage banking service as contrasted to a limited operation—I believe this man has a good future. Generally speaking—as I have tried to indicate—our record has been good, our role in the economy is secure because it is a necessary one. That would seem to be the principal observation I have but I would also suggest that we have reached a maturity which indicates that this is a most appropriate time for each and every one of us to take stock of ourselves and prepare for the future. We live in a competitive society — that is essentially what our system is—and for competition, it is my opinion that the fierce competition we have now in the field of home loan financing will not lessen but will increase. It's up to us to make the most of it. Certainly the lush years that we have known in the fairly recent past are not likely to return . . . because, let's face it, we've been lucky to an extent—and let's not forget that fact in looking to the future. For 20 years the times and conditions generally have been in our favor. The war-created shortage of housing, the tremendous emotional upsurge of feeling for more and better housing, the indirect subsidies which have come our way, such as through FNMA, rising general prosperity—these and a hundred and one other facts have combined to create a climate which has been favorable to us. It just makes good sense to give that fact the proper emphasis and evaluate it for what it is because, conceivably, that condition may not always exist.

Form Mid-West Secs.

(Special to THE FINANCIAL CHRONICLE)

LITTLETON, Col. — Mid-West Securities Corp. has been formed with offices at 3186 West Grand to engage in the securities business. Officers are Alfred L. Landrith, President; Lester E. Jones, Vice-President; and John M. Sweney, Secretary-Treasurer. All were formerly with Western Securities Corp.

A. J. Taranto Formed

SACRAMENTO, Calif. — A. J. Taranto & Co. has been formed with offices at 1330 Twenty-first Street to continue the investment business of Parker, Wester, Taranto & Co. Anthony J. Taranto is a general partner in the firm, and Theodore H. Ruebling, a limited partner.

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)	May 31	§94.3	*93.4	92.8	58.1
Equivalent to—					
Steel ingots and castings (net tons)	May 31	§2,671,000	*2,644,000	2,627,000	1,567,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 15	7,177,525	7,200,225	7,133,025	6,261,885
Crude runs to stills—daily average (bbls.)	May 15	¶7,684,000	7,722,000	7,856,000	7,479,000
Gasoline output (bbls.)	May 15	26,821,000	27,003,000	27,491,000	25,200,000
Kerosene output (bbls.)	May 15	1,824,000	1,759,000	1,936,000	1,881,000
Distillate fuel oil output (bbls.)	May 15	12,335,000	11,995,000	12,833,000	11,650,000
Residual fuel oil output (bbls.)	May 15	6,240,000	6,517,000	6,410,000	6,558,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 15	206,616,000	208,419,000	212,742,000	198,307,000
Kerosene (bbls.) at	May 15	22,513,000	21,616,000	19,846,000	20,306,000
Distillate fuel oil (bbls.) at	May 15	89,639,000	87,655,000	81,518,000	80,771,000
Residual fuel oil (bbls.) at	May 15	6,240,000	6,517,000	6,410,000	6,558,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 16	694,380	677,398	633,546	561,040
Revenue freight received from connections (no. of cars)	May 16	583,186	590,311	577,461	497,626
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 21	$468,200,000	$415,600,000	$314,300,000	$588,107,000
Private construction	May 21	304,200,000	190,400,000	141,200,000	241,161,000
Public construction	May 21	164,000,000	225,200,000	173,100,000	346,946,000
State and municipal	May 21	145,900,000	168,200,000	126,600,000	206,906,000
Federal	May 21	18,100,000	57,000,000	46,500,000	140,040,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 16	8,185,000	*8,350,000	8,020,000	7,318,000
Pennsylvania anthracite (tons)	May 16	324,000	318,000	363,000	385,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 16	137	158	132	126
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 23	12,931,000	12,684,000	12,538,000	11,316,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 21	259	311	300	337
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 19	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	May 19	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	May 19	$34.17	$33.83	$34.83	$34.00
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 20	31.150c	31.175c	31.200c	24.150c
Export refinery at	May 20	28.850c	28.750c	28.550c	21.750c
Lead (New York) at	May 20	12.000c	12.000c	11.155c	11.500c
Lead (St. Louis) at	May 20	11.800c	11.800c	10.820c	11.300c
‡Zinc (delivered) at	May 20	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	May 20	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	May 20	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	May 20	103.250c	103.000c	102.125c	94.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 26	83.73	83.29	84.33	96.19
Average corporate	May 26	86.78	87.18	88.67	96.07
Aaa	May 26	90.06	90.34	91.77	103.13
Aa	May 26	88.67	89.09	90.77	99.36
A	May 26	86.38	86.91	88.81	95.77
Baa	May 26	82.15	82.90	83.66	87.32
Railroad Group	May 26	85.93	86.24	87.59	91.62
Public Utilities Group	May 26	85.59	86.38	88.27	97.78
Industrials Group	May 26	88.67	89.23	90.20	99.36
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 26	4.10	4.14	4.03	2.82
Average corporate	May 26	4.65	4.62	4.51	4.00
Aaa	May 26	4.41	4.39	4.29	3.56
Aa	May 26	4.51	4.48	4.36	3.79
A	May 26	4.68	4.64	4.50	4.02
Baa	May 26	5.01	4.95	4.89	4.61
Railroad Group	May 26	4.71	4.69	4.59	4.30
Public Utilities Group	May 26	4.74	4.68	4.54	3.89
Industrials Group	May 26	4.51	4.47	4.40	3.79
MOODY'S COMMODITY INDEX	May 26	388.4	386.2	391.7	403.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 16	282,974	332,434	287,889	240,015
Production (tons)	May 16	322,778	313,894	323,387	269,356
Percentage of activity	May 16	96	94	95	86
Unfilled orders (tons) at end of period	May 16	485,085	525,874	448,740	348,331
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 22	110.43	110.61	110.98	109.87
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 2	2,677,230	2,607,380	2,505,290	1,540,280
Short sales	May 2	459,070	446,100	394,040	355,920
Other sales	May 2	2,180,500	2,201,390	2,074,590	1,274,380
Total sales	May 2	2,639,570	2,647,490	2,468,630	1,630,300
Other transactions initiated on the floor—					
Total purchases	May 2	427,870	376,270	381,410	320,090
Short sales	May 2	45,100	80,100	17,400	23,130
Other sales	May 2	400,250	355,270	370,220	304,670
Total sales	May 2	445,350	435,370	387,620	327,800
Other transactions initiated off the floor—					
Total purchases	May 2	709,890	694,710	669,645	579,159
Short sales	May 2	104,640	133,250	85,830	158,240
Other sales	May 2	862,515	875,100	633,399	729,040
Total sales	May 2	967,155	1,008,350	719,229	887,280
Total round-lot transactions for account of members—					
Total purchases	May 2	3,814,990	3,678,360	3,556,345	2,439,529
Short sales	May 2	608,810	659,450	497,270	537,290
Other sales	May 2	3,443,265	3,431,760	3,078,209	2,308,090
Total sales	May 2	4,052,075	4,091,210	3,575,479	2,845,380
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 2	2,197,339	2,297,540	1,809,526	1,268,858
Dollar value	May 2	$123,309,784	$138,508,521	$100,603,462	$55,162,385
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 2	1,886,225	1,967,040	1,629,361	1,111,269
Customers' short sales	May 2	7,203	8,809	6,767	18,467
Customers' other sales	May 2	1,879,022	1,958,231	1,622,594	1,092,802
Dollar value	May 2	$102,481,736	$111,918,848	$84,533,142	$46,921,729
Round-lot sales by dealers—					
Number of shares—Total sales	May 2	465,730	529,790	435,070	323,620
Short sales	May 2	-------	-------	-------	-------
Other sales	May 2	465,730	529,790	435,070	323,620
Round-lot purchases by dealers—Number of shares	May 2	701,140	692,910	606,790	490,220
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	May 2	672,960	737,780	580,590	843,230
Other sales	May 2	17,650,670	17,619,350	15,961,310	12,029,740
Total sales	May 2	18,323,630	18,357,130	16,541,900	12,872,970
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 19	119.5	*119.7	119.8	119.3
Farm products	May 19	90.6	*90.7	92.2	97.3
Processed foods	May 19	107.7	*107.8	107.9	113.0
Meats	May 19	102.4	102.8	102.8	115.4
All commodities other than farm and foods	May 19	127.9	*128.1	128.0	125.2

*Revised figure. ¶Includes 877,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of March:			
Total gas sales (M therms)	8,955,100	9,372,500	8,346,100
Natural gas sales (M therms)	8,651,500	9,042,000	8,034,700
Manufactured gas sales (M therms)	26,900	29,200	27,200
Mixed gas sales (M therms)	276,700	301,300	284,200
AMERICAN HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of April:			
Total home laundry appliance factory unit sales (domestic)	353,631	444,309	275,218
Combination washer-dryers	11,507	16,207	11,847
Washers	274,372	329,668	224,896
Dryers	67,752	98,434	38,475
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of April	11,272,000	11,567,745	5,532,991
Shipments of steel products (net tons)—Month of March	8,117,688	6,524,374	4,448,526
AMERICAN PETROLEUM INSTITUTE—Month of February:			
Total domestic production (barrels of 42 gallons each)	226,526,000	250,623,000	213,372,000
Domestic crude oil output (barrels)	201,435,000	223,926,000	190,651,000
Natural gasoline output (barrels)	25,041,000	26,660,000	22,697,000
Benzol output (barrels)	50,000	37,000	24,000
Crude oil imports (barrels)	29,467,000	28,664,000	23,232,000
Refined product imports (barrels)	36,478,000	36,237,000	21,475,000
Indicated consumption domestic and export (barrels)	295,099,000	*350,660,000	295,145,000
Decrease all stocks (barrels)	2,628,000	35,136,000	37,066,000
AMERICAN RAILWAY CAR INSTITUTE—Month of April:			
Orders for new freight cars	3,736	10,795	278
New freight cars delivered	3,741	2,797	5,163
Backlog of cars on order and undelivered (end of month)	35,479	35,487	32,908
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of April (000's omitted)	$226,367,000	-------	$204,126,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of April 30:			
Imports	$291,951,000	$278,127,000	$278,125,000
Exports	347,864,000	329,239,000	415,548,000
Domestic shipments	13,793,000	11,795,000	12,241,000
Domestic warehouse credits	33,842,000	70,099,000	403,568,000
Dollar exchange	77,792,000	111,173,000	130,730,000
Based on goods stored and shipped between foreign countries	263,283,000	253,314,000	239,205,000
Total	$1,028,525,000	$1,053,747,000	$1,479,417,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of April	17,554	*18,119	11,329
COAL EXPORTS (BUREAU OF MINES)—Month of March:			
U. S. exports of Pennsylvania anthracite (net tons)	108,423	165,987	129,603
To North and Central America (net tons)	92,520	121,260	81,556
To Europe (net tons)	15,503	33,917	45,296
To Asia (net tons)	-------	10,610	2,729
To South America (net tons)	-------	-------	22
Undesignated	400	200	-------
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of April 30 (000's omitted)	$822,000	$883,000	$919,000
COPPER INSTITUTE—For month of April:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	112,468	*117,530	97,598
Refined (tons of 2,000 pounds)	137,490	140,928	120,467
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	135,233	124,220	81,930
Refined copper stocks at end of period (tons of 2,000 pounds)	74,323	82,952	251,099
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers—Month of February (000's omitted)	51,247,075	52,461,149	46,987,429
Revenue from ultimate customers—month of January	$872,315,000	$885,725,000	$811,224,000
Number of ultimate customers at Feb. 28	56,367,429	56,304,591	55,254,746
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of April:			
Weekly earnings—			
All manufacturing	$89.87	*$89.24	$80.81
Durable goods	97.99	*97.10	87.30
Nondurable goods	78.61	*78.61	73.14
Hours—			
All manufacturing	40.3	*40.2	38.3
Durable goods	41.0	*40.8	38.8
Nondurable goods	39.5	*39.5	37.7
Hourly earnings—			
All manufacturing	$2.23	*$2.22	$2.11
Durable goods	2.39	*2.38	2.25
Nondurable goods	1.99	1.99	1.94
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of April:			
Seasonally adjusted	149	147	126
Unadjusted	150	149	127
RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of May 1	84%	-------	92%
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of April:			
Net sales	-------	-------	$2,104,600
Net purchases	$43,951,000	$62,216,800	-------
U. S. GOVT. STATUTORY DEBT LIMITATION—As of April 30 (000's omitted):			
Total face amount that may be outstanding at any time	$288,000,000	$288,000,000	$280,000,000
Outstanding—			
Total gross public debt	285,353,359	282,034,279	275,057,407
Guaranteed obligations not owned by the Treasury	106,604	118,760	93,879
Total gross public debt and guaranteed obligations	$285,459,964	$282,153,039	$275,151,287
Deduct—other outstanding public debt obligations not subject to debt limitation	419,708	420,743	433,318
Grand total outstanding	$285,040,255	$281,732,296	$274,717,969
Balance face amount of obligations, issuable under above authority	2,959,745	6,267,703	5,282,030
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of April 30	$285,459,964	$282,153,039	$275,151,287
General funds balance	5,969,072	4,438,286	6,487,218
Net debt	$279,490,892	$277,714,753	$268,664,069
Computed annual rate	2.824%	2.801%	2.679%
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of May 1 (bushels)	956,614,000	-------	1,179,924

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Academy Life Insurance Co.
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.

Accurate Specialties, Inc. (6/8-12)
May 12 filed 95,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For additional equipment, operating expenses, working capital and payment of notes. **Underwriters** — Milton D. Blauner & Co., Inc. and Stanley Heller & Co., both of New York. **Offering**—Expected in four or five weeks.

• 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. Stop order proceedings instituted by the SEC.

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 Television Film Corp.
April 28 (letter of notification) 150,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office** — 2700 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—Alkow & Co., Inc., Beverly Hills, Calif.

Alsco, Inc. (6/15-19)
May 15 filed $4,000,000 of 5½% convertible subordinated debentures due June 1, 1974. **Price**—100% of principal amount. **Proceeds**—To reduce short-term bank loans; to liquidate the balance of loans from the Estate of Dora Sugar Weinstock advanced for construction purposes; to prepay an instalment on funded indebtedness; to redeem all outstanding 1,089 shares of $100 par preferred stock of a subsidiary; for capital expenditures; and for working capital. **Office**—225 South Forge St., Akron, Ohio. **Underwriters** — Hirsch & Co. and Bache & Co., both of New York; and Equitable Securities Corp., Nashville, Tenn.

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 Bakeries Co. (6/17)
May 19 filed 60,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—919 No. Michigan Ave., Chicago, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc.

American Buyers Credit Co.
Nov. 13 filed 5,000,000 shares of common stock, of which 4,545,455 shares of this stock are to be offered for public sale at $1.75 per share. [Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Co. and American Life Assurance Co. (both of Phoenix) permitting them to purchase stock at $1.25 per share. Sales personnel have been given the right to purchase stock at $1.25 per share up to the amount of commission they receive on stock sales made by them.] **Proceeds**—For the operation of other branch offices, both in Arizona and in other states. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

• American Commercial Barge Line Co. (5/29)
April 30 filed 400,000 shares of common stock (par $3). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Jeffersonville, Ind. **Underwriter**—F. Eberstadt & Co., New York.

• American Commercial Corp. (6/15)
May 14 (letter of notification) 250,000 shares of preferred stock (par 50 cents) and 50,000 shares of Class A common stock (par 10 cents) to be offered in units of five shares of preferred stock and one Class A common share. **Price**—$6 per unit. **Proceeds** — For general business purposes. **Office**—744 Broad St., Newark, N. J. **Business**—To finance accounts receivable. **Underwriter**—Phoenix Securities, Montclair, N. J.

★ American Cyanamid Co.
May 21 filed 425,000 shares of common stock, to be offered to certain employees of the company and its subsidiary and affiliated companies.

American Hospital Supply Corp.
April 20 filed 20,610 shares of common stock (par $2) to be offered in exchange for common stock of Massillon Rubber Co. on the basis of nine shares of American common for one share of Massillon common. **Office**—2020 Ridge Avenue, Evanston, Ill. **Underwriter**—None.

★ American Investors Fund, Inc., Larchmont, N. Y.
May 25 filed (by amendment) an additional 100,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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 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., New York, has withdrawn as underwriter. **Change in Name** — Formerly United States Telemail Service, Inc.

Amican Petroleum & Natural Gas Corp. Ltd.
March 23 filed 745,000 shares of capital stock (no par), of which 500,000 shares are to be sold for the account of the company, and 245,000 shares by the holders thereof. **Price**—30 cents per share. **Proceeds**—For exploration and development program. **Office** — 2100 Scarth Street, Regina, Saskatchewan, Canada. **Underwriter**—Cumberland Securities, Ltd., Regina, Canada.

★ Anchorage Gas & Oil Development, Inc.
May 27 filed 450,000 shares of common stock, part of which will be offered, at a price of $1.50 per share, to stockholders of record June 1, 1959, in the ratio of one new share for each three then held. Unsubscribed stock and the balance of the issue will be offered to the public and to holders of stock options. **Office**—134 East Second Ave., Anchorage, Alaska. **Underwriter**—National Securities Corp., Seattle, Wash.

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-Lenchner, Inc., Pittsburgh, Pa.

Arnav Aircraft Associates, Inc.
May 14 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To repay certain indebtedness, to finance increased inventories, for working capital, etc. **Business**—Manufacturers of hydraulic fluid line fittings and related products for the aircraft and missile industries. **Office**—32 Industrial Ave., Little Ferry, N. J. **Underwriter**—Hamilton, Waters & Co., Inc., Hempstead, L. I., N. Y.

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.

• Associated Testing Laboratories, Inc.
April 22 filed 166,666 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For capital expenditures and general corporate purposes, including working capital. **Office**—Caldwell, N. J. **Underwriter** —George, O'Neill & Co., Inc., New York. **Offering**—Expected today, May 28.

• Atlantic Research Corp. (6/1-5)
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.

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. Statement effective March 31.

Automation Instruments, Inc.
April 27 (letter of notification) 4,584 shares of common stock. **Price**—$6 per share. **Proceeds**—To go to Lester, Ryons & Co. as securities fully and finally paid as an obligation of the company. **Office**—401 E. Green Street, Pasadena, Calif. **Underwriter**—None. No public offering planned.

• Avnet Electronics Corp.
April 17 filed 175,000 shares of common stock, of which, 75,000 shares are to be offered for the account of certain selling stockholders. **Price**—$5.75 per share. **Proceeds**—To retire presently outstanding loans, and the balance will be used for working capital and other corporate purposes. **Offices**—70 State St., Westbury, L. I., N. Y., and 5877 Rodeo Road, Los Angeles, Calif. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., both of New York. **Offering**—Expected this week.

Ballard Aircraft Corp.
April 17 filed 300,000 shares of common stock (par $1). **Price** — $3.25 per share. **Proceeds** — To develop and manufacture aircraft embodying the body lift principle, etc. **Underwriter**—Weil & Co., Washington, D. C.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

Basic Atomics Inc.
March 5 filed 444,246 shares of common stock (par 10 cents). **Price**—At prevailing market price, in the Over-the-Counter Market. **Proceeds**—To selling stockholders. **Underwriter**—None.

Basic Materials, Inc.
April 9 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Harold A. Roberts, President, Arroyo Hondo, Santa Fe, N. Mex. **Underwriter** — Hyder, Rosenthal & Co., Albuquerque, N. Mex.

• Bausch & Lomb Optical Co. (6/3)
May 8 filed $8,750,000 of convertible debentures due 1979, to be offered for subscription by common stockholders on the basis of $100 principal amount of debentures for each 10 shares held on June 2, 1959; rights to expire on June 18. **Price**—To be supplied by amendment. **Proceeds**—To retire all outstanding bank loans maturing Dec. 31, 1959, for working capital and other corporate purposes. **Underwriter** — Stone & Webster Securities Corp., New York.

• Benson-Lehner Corp. (6/10)
May 4 filed 89,620 shares of common stock, of which 76,620 shares are to be offered for subscription by common stockholders of record June 10, 1959, on the basis of three new shares for each 10 shares then held. **Price**—$6.75 per share. The remaining 13,000 shares will be sold for account of selling stockholders at $7 per share. **Proceeds**—For additional working capital and other general corporate purposes, including research and development. **Office**—1860 Franklin St., Santa Monica, Calif. **Underwriter**—Bear, Stearns & Co., New York.

Bridgehampton Road Races Corp.
Oct. 23 (letter of notification) 15,000 shares of common stock (par $1) to be offered for subscription by stockholders of record Nov. 1, 1958 on the basis of one new share for each four shares held; unsubscribed shares will be offered to current creditors in payment of all or part of claims, at the rate of one share for each $4 of claims discharged; rights to expire about two weeks after mailing of offer. **Price**—$4 per share. **Proceeds**—To pay current creditors. **Address** — P. O. Box-506,

Bridgehampton, L. I., N. Y. **Underwriter** — None. **Offering**—Has been delayed.

Britalta Petroleums, Ltd.
March 30 filed 1,150,000 shares of capital stock of which 1,000,000 shares are owned by Wilshire Oil Co. of Texas stockholders and 150,000 shares are issuable upon exercise of share purchase warrants, exercisable on or before Dec. 31, 1960 at $5 per share. **Office**—630 Eighth Avenue, S. W., Calgary, Canada.

Brockton Edison Co. (6/23)
May 7 filed $5,000,000 of first mortgage and collateral trust bonds due April 1, 1989. **Proceeds**—To prepay its short-term bank loans, to purchase $2,014,100 of debenture bonds and $1,665,100 of common stock of Montaup Electric Co. and for construction purposes. **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); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 23.

• **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. **Offering**—Temporarily suspended by SEC.

Buckeye Corp., New York
April 28 filed 192,039 shares of 5% convertible preferred stock, series A, (par $10) and 164,299 shares of common stock (par $1). All of the preferred shares and 99,299 shares of common stock will be issued in connection with certain acquisitions of businesses and assets; the other 65,000 common shares are reserved for issuance under Employee Restricted Stock Options. **Underwriter**—None.

Burndy Corp., Norwalk, Conn. (6/2)
May 5 filed 152,500 shares of common stock (par $1), of which 125,000 share are to be offered for account of the company and 27,500 shares for the account of selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—For repayment of mortgage obligations; short-term bank borrowings; and for various other corporate purposes. **Underwriters** — Dominick & Dominick, New York; and Schwabacher & Co., San Francisco, Calif.

Central Illinois Light Co.
April 23 filed $10,038,700 of 4¼% convertible debens. due 1974, being offered for subscription by common stockholders of record May 12, 1959, on the basis of $100 of debentures for each 22 shares then held; rights to expire on May 27. **Price**—100% of principal amount. **Proceeds**—For construction program, including the repayment of short-term bank loans incurred for such purpose. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

• **Century Brick Corp. of America (6/1-5)**
April 6 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—To be added to general funds of the company. **Office**—1020 G. Daniel Baldwin Building, 1005 State Street, Erie, Pa. **Underwriter**—Summit Securities, Inc., New York, N. Y.

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.

Civic Finance Corp. (6/2)
May 1 filed 30,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To provide additional working capital. **Office**—633 North Water St., Milwaukee, Wis. **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

Colonial Energy Shares, Inc., Boston, Mass.
May 5 filed 1,100,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Underwriters**—White, Weld & Co., New York, and Dean Witter & Co., Los Angeles, Calif. **Offering**—Expected late in June.

Colorado Water & Power Co.
Feb. 25 (letter of notification) $220,000 of 6% unsecured debentures due April 1, 1964 and 1,100 shares of common stock (par $1) to be offered in units of $200 of debentures and one share of stock. **Price**—$205 per unit. **Proceeds**—For working capital. **Office**—Suite 421, 901 Sherman Street, Denver, Colo. **Underwriter**—Associated Securities 412 Main Street, Cedar Falls, Iowa.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,00 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Investors Corp.
Nov. 28 (letter of notification) 900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For investment. **Office**—450 So. Main St., Salt Lake City, Utah. **Underwriter**—Earl J. Knudson & Co., Salt Lake City, Utah.

Compudyne Corp. (6/15-19)
May 15 filed 214,071 shares of common stock (par 25 cents), of which 172,000 shares are to be offered for the

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NEW ISSUE CALENDAR

May 29 (Friday)
American Commercial Barge Line Co.____Common
(F. Eberstadt & Co.) 400,000 shares
Bank of Commerce, Washington, D. C.____Common
(Offering to stockholders) $300,000
DeJur-Amsco Corp.____Common
(H. M. Byllesby & Co.) 225,000 shares
Dejur-Amsco Corp.____Debentures
(H. M. Byllesby & Co.) $1,000,000

June 1 (Monday)
Atlantic Research Corp.____Common
(Johnston, Lemon & Co.) 110,000 shares
Century Brick Corp. of America____Common
(Summit Securities, Inc.) $300,000
Consolidated Petroleum Industries, Inc.____Preferred & Common
(Frank Lerner Co.) $300,000
Crown Self-Service Stores, Inc.____Common
(Charles Plohn & Co.) $1,250,000
Dalton Finance, Inc.____Debentures
(Paul C. Kimball & Co.) $500,000
Fleming Co., Inc.____Common
(White, Weld & Co.) 100,000 shares
Great American Realty Corp.____Class A Stock
(Louis L. Rogers Co. and Joseph Mandell Co.) 900,000 shares
Hermes Electronics Co.____Common
(C. E. Unterberg, Towbin & Co., Inc.) 150,000 shares
Hirsch (P. N.) & Co.____Common
(Newhard, Cook & Co.) 132,500 shares
Investment Corp. of Florida____Common
(Aetna Securities Corp and Reman & Johnson) $1,237,500
Investors Funding Corp. of New York____Debens.
(Offering not underwritten) $500,000
Multi-Amp Electronic Corp.____Common
(G. Everett Parks & Co., Inc.) $298,500
Nuclear Electronics Corp.____Common
(Charles Plohn & Co.) $750,000
Polarad Electronics Corp.____Common
(Kidder, Peabody & Co.) 100,000 shares
Poly Industries, Inc.____Common
(Van Alstyne, Noel & Co.) 200,000 shares
Purepac Corp.____Common
(Richard Bruce & Co., Inc.) $780,000
Telectro Industries Corp.____Common
(Milton D. Blauner & Co., Inc.) $600,000
Teleflex Ltd.____Common
(Drexel & Co.) 75,000 shares

June 2 (Tuesday)
Burndy Corp.____Common
(Dominick & Dominick and Schwabacher & Co.) 152,500 shares
Civic Finance Corp.____Common
(Emch & Co. and The Marshall Co.) 30,000 shares
Florida-Southern Land Corp.____Common
(Alkow & Co., Inc.) $4,000,000
Food Fair Properties Development Inc.____Bonds
(Eastman Dillon, Union Securities & Co.) $7,500,000
Public Service Electric & Gas Co.____Debentures
(Bids 11 a.m. EDT) $50,000,000
Virginia Electric & Power Co.____Common
(Bids 11 a.m. EDT) 710,000 shares

June 3 (Wednesday)
Bausch & Lomb Optical Co.____Debentures
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) $8,750,000
Electronics Capital Corp.____Common
(Hayden, Stone & Co.) $18,000,000
Florida Power & Light Co.____Bonds
(Bids 11:30 a.m. EDT) $25,000,000
Mansfield Tire & Rubber Co.____Debentures
(Offering to stockholders—underwritten by A. G. Becker & Co.) $5,100,000
Mohawk Rubber Co.____Common
(Kidder, Peabody & Co.) 15,000 shares
Philadelphia Electric Co.____Common
(Morgan Stanley & Co.) 640,306 shares
Reiter-Foster Oil Corp.____Debentures
(Offering to stockholders—underwritten by Emanuel Deetjen & Co.) $1,500,000

June 4 (Thursday)
Connecticut Water Co.____Common
(Offering to stockholders—underwritten by Putnam & Co.) 38,004 shares
Seaboard Air Line Ry.____Equip. Tr. Ctfs.
(Bids to be invited) $4,470,000

June 5 (Friday)
Spiegel, Inc.____Debentures
(Offering to stockholders—underwritten by Wertheim & Co.) $15,417,500

June 8 (Monday)
Accurate Specialties, Inc.____Common
(Milton D. Blauner & Co., Inc. and Stanley Heller & Co.) $237,500
Continental Tobacco Co., Inc.____Common
(Best Securities, Inc.) $125,000
Emery Industries, Inc.____Debentures
(Offering to stockholders—no underwriting) $6,103,700
Land Equities, Inc.____Common
(Ross, Lyon & Co., Inc.) $200,000
Food Mart, Inc.____Common
(Shearson, Hammill & Co.) 162,025 shares
Funds for Business, Inc.____Class A
(Joseph Mandell & Co., Inc. and Robert L. Ferman & Co., Inc.) $750,000
Knox Corp.____Debentures
(Ira Haupt & Co. and Straus, Blosser & McDowell) $1,500,000
Precon Electronics Corp.____Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $875,000
Spartans Industries, Inc.____Common
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 200,000 shares
Superior Window Co.____Preferred
(Cruttenden, Podesta & Co.) $500,000
Superior Window Co.____Class A Common
(Cruttenden, Podesta & Co.) $500,000
Thriftimart, Inc.____Debentures
(Reynolds & Co., Inc. and Lester Ryons & Co.) $8,000,000
Worthington Products, Inc.____Debens. & Com.
(B. Fennekohl & Co.) $150,000

June 9 (Tuesday)
Duke Power Co.____Preferred
(Bids 11 a.m. EDT) $25,000,000
Walter (Jim) Corp.____Common
(Alex. Brown & Sons) 150,000 shares
Walter (Jim) Corp.____Bonds
(Alex. Brown & Sons) $1,250,000

June 10 (Wednesday)
Aerojet-General Corp.____Common
(Kidder, Peabody & Co.) 200,000 shares
Benson-Lehner Corp.____Common
(Bear, Stearns & Co.) 89,620 shares
Electronic Engineering Co.____Common
(Kidder, Peabody & Co., Inc.) 100,000 shares
Kaltman (D.) & Co., Inc.____Common
(Offering to stockholders—underwritten by Bear, Stearns & Co.) 1,406,141 shares

June 15 (Monday)
Alsco, Inc.____Debentures
(Hirsch & Co.; Bache & Co. and Equitable Securities Corp.) $4,000,000
American Commercial Corp.____Pfd.-Common
(Phoenix Securities) $300,000
Compudyne Corp.____Common
(Milton D. Blauner & Co., Inc. and Hallowell, Sulzberger, Jenks, Kirkland & Co.) $642,213
Crosby-Teletronics Corp.____Common
(Myron A. Lomasney & Co.) $843,750
Fabrex Corp.____Common
(Bache & Co.) 300,000 shares
Ideal Precision Meter Co., Inc.____Common
(Charles Plohn & Co.) $615,625
Medearis Industries, Inc.____Common
(Amos Treat & Co., Inc.) $750,000
Microwave Associates, Inc.____Common
(Lehman Brothers) 100,000 shares
Oklahoma Cement Co.____Debentures-Common
(Laird & Co. Corp.)
San Diego Imperial Corp.____Common
(White, Weld & Co. and J. A. Hogle & Co.) 1,400,000 shares
Smith (H. C.) Oil Tool Co.____Common
(William R. Staats & Co.) 100,000 shares
Vocaline Co. of America, Inc.____Common
(George O'Neill & Co., Inc.) 210,000 shares
Wellington Electronics, Inc.____Common
(Charles Plohn & Co.) $1,440,000

June 16 (Tuesday)
Herold Radio & Electronics Corp.____Debentures
(Ira Haupt & Co.; Hirsch & Co. and Amos Treat & Co., Inc.) $1,500,000
Reichhold Chemicals, Inc.____Common
(Blyth & Co., Inc.) 400,000 shares
St. Joseph Light & Power Co.____Bonds
(Bids to be invited) $4,500,000
United Gas Improvement Co.____Bonds
(Bids to be invited) $10,000,000

June 17 (Wednesday)
American Bakeries Co.____Common
(Merrill Lynch, Pierce, Fenner & Smith) 60,000 shares

June 18 (Thursday)
Worcester Gas Light Co.____Bonds
(Bids 11 a.m. EDT) $5,000,000

June 19 (Friday)
Plastic Materials & Polymers, Inc.____Common
(Filor, Bullard & Smyth) 143,750 shares

June 22 (Monday)
Jefferson Wire & Cable Co.____Common
(Charles Plohn & Co.) $375,000

June 23 (Tuesday)
Brockton Edison Co.____Bonds
(Bids 11:30 a.m. EDT) $5,000,000
Northern Illinois Gas Co.____Bonds
(Bids to be invited) $20,000,000

June 24 (Wednesday)
Long Island Lighting Co.____Bonds
(Bids to be invited) $25,000,000
Southern Pacific Co.____Equip. Tr. Ctfs.
(Bids to be invited) $6,000,000

June 25 (Thursday)
Mississippi Power Co.____Bonds
(Bids to be invited) $5,000,000

June 26 (Friday)
General Precision Equipment Corp.____Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Tucker, Anthony & R. L. Day) 105,927 shares

June 29 (Monday)
Radar Design Corp.____Common
(Charles Plohn & Co.) $360,000

July 14 (Tuesday)
Jersey Central Power & Light Co.____Bonds
(Bids to be invited) $8,000,000

July 22 (Wednesday)
Northern States Power Co. (Minn.)____Common
(Offering to stockholders—bids to be invited) 714,000 shares

August 4 (Tuesday)
Pennsylvania Electric Co.____Bonds
(Bids to be invited) $15,000,000

September 10 (Thursday)
Georgia Power Co.____Bonds
(Bids to be invited) $18,000,000

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account of the company and 42,071 shares for the account of a selling stockholder. **Price**—$3 per share. **Proceeds**—To continue development of products and control techniques for incorporation into the company's present control systems; and for working capital. **Office**—404 South Warminster Rd., Hatboro, Pa. **Underwriters**—Milton D. Blauner & Co., Inc., New York; and Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

● Computer Systems, Inc.
April 21 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 611 Broadway, New York, N. Y. **Underwriter**—Adams & Peck, New York, N. Y. Proposed financing has been cancelled. Company was acquired by Schlumberger Ltd.

Connecticut Water Co. (6/4)
May 15 filed 38,986 shares of common stock (no par), of which 38,004 shares are to be offered for subscription by common stockholders of record June 3, 1959, at the rate of one new share for each four shares or fractions thereof then held; rights to expire on or about June 23. The remaining 982 shares are to be offered for subscription by employees. **Price**—To be supplied by amendment. **Proceeds**—To repay in part the company's outstanding bank loans; to finance part of its 1959 construction program, and for other corporate purposes. **Underwriter**—Putnam & Co., Hartford, Conn.

Consolidated Electrodynamics Corp.
April 29 filed $7,616,500 of 4½% convertible subordinated debens. due June 1, 1984, being offered for subscription by common stockholders in the ratio of $100 debentures for each 14 shares of common held as of May 20; rights to expire on June 8. **Price**—At par. **Proceeds**—To pay bank loans. **Office**—Pasadena, Calif. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

● Consolidated Natural Gas Co.
April 28 filed 821,256 shares of capital stock being offered on a 1-for-10 share basis to stockholders of record May 21, 1959; rights to expire on June 10. **Price**—$47 per share. **Proceeds**—Additions to treasury funds and to finance construction. **Underwriter**—None.

Consolidated Petroleum Industries, Inc. (6/1)
April 30 (letter of notification) 80,000 shares of 6% convertible preferred stock (par $3.50) and 80,000 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one share of common. (Preferred stock may be converted into two shares of common stock at any time.) **Price**—$3.75 per unit. **Proceeds**—For development of gas properties. **Office**—908 Alamo National Bank Building, San Antonio, Texas. **Underwriter**—Frank Lerner Co., New York, N. Y.

● Continental Tobacco Co., Inc. (6/8-12)
April 2 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—607-12th Avenue, Huntington, W. Va. **Underwriter**—Best Securities, Inc., New York.

Cree Mining Corp. Ltd.
April 17 filed 260,000 shares of common stock. **Price**—80 cents per share. **Proceeds**—For exploration program. **Office**—2100 Scarth St., Regina, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., also of Regina.

★ Crescent Petroleum Corp., Tulsa, Okla.
May 26 filed 48,460 shares of convertible preferred stock ($25 par) and 12,559 shares of common ($1 par), 34,460 shares of the preferred and 9,059 shares of common are issuable upon the exercise of stock options granted when the assets of Norbute Corp. were acquired on Aug. 6, 1958. **Underwriter**—None.

★ Crosby-Teletronics Corp. (6/15-19)
May 22 filed 250,000 shares of common stock (par 25 cents). **Price**—$3.37½ per share. **Proceeds**—For general corporate purposes. **Office**—54 Kinkel St., Westbury, L. I., N. Y. **Business**—Designing, manufacturing and conducting research and development of highly technical and specialized electrical and electronic equipment. **Underwriter**—Myron A. Lomasney & Co., New York.

Crowley's Milk Co., Inc.
March 26 filed 60,000 outstanding shares of common stock (par $20). **Price**— To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—145 Conklin Ave., Binghamton, N. Y. **Underwriter**—None.

● Crown Self-Service Stores, Inc. (6/1-5)
April 10 filed 250,000 units, each unit consisting of one share of common stock and two common stock purchase warrants. **Price**—$5 per unit. **Proceeds**—For establishment of proposed new stores, to pay accounts payable (trade), to be applied to extinguish long- and short-term loans, and the balance to increase working capital. **Office**—368 E. 87th Street, Chicago, Ill. **Underwriter**—Charles Plohn & Co., New York.

● Crucible Steel Co. of America
May 4 filed 99,885 shares of 5¼% cumulative convertible preferred stock (par $100) being offered for subscription by common stockholders of record May 26, 1959, on the basis of one share of convertible preferred stock for each 38 shares of common stock held; rights to expire on June 9. **Price**—At $100 per share (flat). **Proceeds**—For expansion program. **Underwriter**—The First Boston Corp., New York.

★ Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds** — Added to general funds. **Underwriter**—To be supplied by amendment.

Cycon, Inc.
March 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—Mearns Bldg., 142-148 N. Washington Ave., Scranton, Pa. **Underwriter**—Sano & Co., New York, N. Y.

Dalton Finance, Inc. (6/1-5)
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.

● DeJur-Amsco Corp. (5/29)
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. (5/29)
March 31 filed $1,000,000 of convertible subordinated debentures due 1974. **Price**—To be supplied by amendment. **Proceeds** — To retire mortgage loans and bank notes and to provide additional working capital and for general corporate purposes. **Underwriter**—H. M. Byllesby & Co., Inc., New York and Chicago.

Derson Mines Ltd.
June 5 filed 350,000 shares of common stock. Price—$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.

Development Corp. of America
April 30 filed 1,376,716 shares of common stock (par $1) reserved for issuance upon conversion of shares of the company's $1.25 cumulative convertible preferred stock received by DCA common stockholders in connection with the recently consummated merger of Real Estate Equities, Inc., into DCA and the plan of reorganization consummated in connection therewith. **Underwriter**—None.

Di-Noc Chemical Arts, Inc.
April 8 filed $947,200 of 5½% convertible subordinated debentures, due May 15, 1971, being offered for subscription by common stockholders in the ratio of $100 of debentures for each 30 common shares held on May 14, 1959; rights to expire on June 1. **Price**—100% per principal amount. **Proceeds**—For plant expansion and working capital. **Underwriter**—Blair & Co., Inc., New York.

● DIT-MCO, Inc.
April 15 filed 30,000 outstanding shares of common stock, only about 16,000 shares are to be offered. **Price**—$10.50 per share. **Proceeds**—To selling stockholders. **Office**—911 Broadway, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Diversified Inc., Amarillo, Texas
Jan. 6 filed 300,000 shares of common stock (par 50 cents). Price—$3 per share. Proceeds—For acquisition of undeveloped real estate, for organization or acquisition of consumer finance business, and balance to be used for working capital. Underwriter — Investment Service Co., Denver, Colo., on a best efforts basis.

May 6 filed 250,000 shares of preferred stock, series B (par $100). **Proceeds**—To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman, Dillon, Union Securities & Co.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 9.

★ Dorne & Margolin, Inc.
May 21 (letter of notification) 10,000 shares of capital stock (par $1) to be offered to employees under an Employees Stock Subscription Plan to be offered in units of five shares. **Price** — $10 per share. **Proceeds** — For working capital. **Office**—29 New York Ave., Westbury, L. I., N. Y. **Underwriter**—None.

★ Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

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.

Electric City Supply Co.
April 6 (letter of notification) 300,000 shares of class A common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For inventory, equipment, working capital, etc. **Office**—901 S. Lake Street, Farmington, N. Mex. **Underwriter**—Investment Service Co., Denver, Colo.

● Electronic Engineering Co. of California (6/10)
May 13 filed 100,000 shares of common stock (par $1) of which 78,750 shares are to be offered for the account of the company (including 10,000 shares initially to employees) and 21,250 shares for account of eight selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Kidder, Peabody & Co. Inc., New York.

● Electronics Capital Corp. (6/3-4)
April 27 filed 1,800,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For investment. **Office**—San Diego, Calif. **Underwriter** — Hayden, Stone & Co., New York.

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.

★ Emery Industries, Inc. (6/8)
May 21 filed $6,103,700 of 4¾% convertible subordinated debentures due July 1, 1979, to be offered for subscription by common stockholders of record June 5, 1959, at the rate of $100 of debentures for each eight shares of common stock then held; rights to expire on June 30. **Price**—At par. **Proceeds**—To repay outstanding bank loans and for general corporate purposes. **Office**—Carew Tower, Cincinnati, Ohio. **Underwriter**—None.

Empire Millwork Corp., Corona, N. Y.
April 17 filed 95,000 outstanding shares of common stock. **Price** — $10.25 per share. **Proceeds** — To selling stockholders. **Underwriter**—None.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

★ Fabrex Corp. (6/15-19)
May 21 filed 300,000 shares of capital stock (par $1), of which 150,000 shares are to be sold for account of the company and 150,000 shares for certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To prepay outstanding obligations and for general corporate purposes. **Business**—Textile converting. **Office**—115 West 40th St., New York, N. Y. **Underwriter**—Bache & Co., New York.

★ Fairey Co., Ltd.
May 20 filed 50,000 American Depositary Receipts for ordinary registered shares. **Depositary** — Chemical Corn Exchange Bank, New York.

● Fedders Corp., Long Island, N. Y.
May 12 filed $3,815,800 of sinking fund subordinated debentures, due May 31, 1959, with warrants to purchase 152,632 shares of common stock to be offered for subscription by common stockholders in units of $100 of debentures with warrant for the purchase of four shares of stock at the rate of one unit for each 50 shares held on or about June 11, 1959; rights to expire on or about July 27. **Price**—$100 per unit. **Proceeds**—To be used for the most part for the purchasing of products by company's distributors and dealers; and the balance will be used for general corporate purposes. **Underwriter**—Allen & Co., New York.

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.

Fidelity Trend Fund, Inc., Boston, Mass.
May 1 filed 50,000 shares of capital stock. **Price**—At net asset value. **Proceeds** — For investment. **Investment-Manager**—Fidelity Management & Research Co., Boston, Mass. **Agent**—Crosley Corp., Boston, Mass. **Offering**—To be made within organization.

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.

● Fleming Co., Inc., Topeka, Kan. (6/1-5)
May 1 filed 100,000 shares of common stock (par $5), of which 75,000 shares are to be offered for the account of the company, and 25,000 shares for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Business**—Distributor of food products. **Underwriter**—White, Weld & Co., New York.

★ Flintkote Co., New York
May 20 filed 227,368 shares of common stock, of which 173,286 shares are to be offered to certain officers and key employees of Flintkote and its subsidiaries under the "Flintkote Stock Option Plan"; 16,771 shares are subject to options granted by Flintkote in substitution for options granted by Orangeburg Manufacturing Co., Inc., to certain of its officers and key employees; and 37,311 shares are subject to options granted in substitution of options granted by Blue Diamond Corp. to certain of its officer and key employees. Flintkote acquired all the assets of Orangeburg in December, 1958, in exchange for 132,416 shares of preferred stock; and on May 14, 1959, it issued 615,617 common shares upon the merger of Blue Diamond into Flintkote.

Florida Power Corp.
April 16 filed 703,485 shares of common stock (par $2.50) being offered for subscription by common stockholders of record May 14, 1959, on the basis of one new share

for each 12 shares of common stock then held (with an oversubscription privilege); rights to expire on June 3, 1959. **Price** — $25 per share. **Proceeds**—To pay off $7,000,000 of temporary bank loans, which were incurred to meet construction expenditures, and the balance will be applied to the 1959 construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith, Inc., both of New York.

Florida Power & Light Co. (6/3)
May 8 filed $25,000,000 of first mortgage bonds due 1989. **Proceeds**—To be used to provide additional electric facilities and for other corporate purposes, including repayment of $7,000,000 of short-term bank loans made in March, 1959, for similar purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc. and Kidder, Peabody & Co. (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on June 3 at Room 2033, Two Rector St., New York, N. Y.

● **Florida-Southern Land Corp. (6/2)**
April 13 filed 2,000,000 shares of common stock. **Price** — $2 per share. **Proceeds** — For construction of motel units and other facilities. **Office** — Tom's Harbor, Fla. **Underwriter**—Alkow & Co., Inc., New York.

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 Properties Development Inc. (6/2)
May 5 filed together with Food Fair Properties Inc. (1) $7,500,000 of 25-year collateral trust bonds, due May 15, 1984 of Food Fair Properties Development, Inc. and (2) 7,500 warrants for the purchase of 750,000 shares of common stock of Food Fair Properties. It is proposed to offer these securities in units each consisting of $1,000 principal amount of the bonds and a warrant to purchase 100 common shares. **Price**—$1,000 per unit. **Proceeds** — To be used for loans to subsidiaries. **Office**—Philadelphia, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Food Fair Properties, Inc.
See Food Fair Properties Development Inc., above.

★ **Food Machinery & Chemical Corp.**
May 20 filed 200,000 shares of common stock, for issuance pursuant to the company's Selected Employees' Stock Option Plan.

Food Mart, Inc. (6/8-12)
May 15 filed 162,025 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—1000 Robert E. Lee Rd., El Paso, Tex. **Underwriter**—Shearson, Hammill & Co., New York.

Foundation Investment Corp., Atlanta, Ga.
Jan. 13 filed 231,988 shares of common stock to be offered for subscription by stockholders; unsold portion to be offered publicly. **Price**—$12.50 per share. **Proceeds**—To repay notes. **Office**—515 Candler Bldg., Atlanta, Ga. **Underwriter**—None. Statement effective April 2.

★ **Founders Mutual Depositor Corp., Denver, Colo.**
May 21 filed (by amendment) an additional 1,000 accumulative plan certificates and 100 income certificates. **Price**—At market. **Proceeds**—For investment.

Franklin Electric Co., Inc.
May 12 filed 40,000 shares of common stock (no par), of which 20,000 shares are to be offered for account of company, and 20,000 shares for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be advanced to a subsidiary for the purpose of constructing an addition to a building now being leased from the subsidiary. **Office** — 400 East Spring Street, Bluffton, Ind. **Underwriter**—Fulton Reid & Co., Inc., Cleveland, Ohio.

Funds For Business, Inc. (6/8-12)
May 8 filed 500,000 shares of class A stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—120 East 41st Street, New York. **Underwriters**—Joseph Mandell & Co., Inc., New York; and Robert L. Ferman & Co., Inc., Miami, Fla.

★ **Futterman-Dupont Hotel Co.**
May 22 filed $1,706,900 of Limited Partnership Interests, to be offered in units. **Price**—$25,000 per unit. **Proceeds**—To repay monies borrowed for the purpose of closing title and paying incidental expenses in acquiring the Dumont Plaza Hotel in Washington, D. C. **Office**—580 Fifth Avenue, New York, N. Y. **Underwriter**—None.

★ **Gate City Steel Co., Inc., Omaha, Neb.**
May 26 filed $1,250,000 6% sinking fund debentures, series A, due May 1, 1969, of which $350,000 will be offered, on an exchange basis, for a like amount of 5% debentures which the company plans to retire. The remaining $900,000 debentures will be offered publicly. **Price**—Par. **Proceeds**—For advances to company's subsidiary, Moffett Engineering, Inc.— **Underwriter**—First Trust Co. of Lincoln, Neb.

★ **General American Transportation Corp.**
May 25 filed 107,491 shares of common stock. These shares were issued pursuant to a March, 1959, contract whereby the company acquired the issued and outstanding capital stock of Traylor Engineering & Manufacturing Co.

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 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. Statement effective April 24.

★ **General Precision Equipment Corp. (6/26)**
May 26 filed 105,927 shares of cumulative convertible preference stock ($50 liquidating value) to be offered for subscription by holders of the company's common stock and holders of its $1.60 cumulative convertible preference stock, in the ratio of one share of new preferred for each 11 shares of common stock held on June 26; rights to expire on July 13. Each holder of the $1.60 preference series will have the right to subscribe for the new stock in the ratio of one new share for each 16½ shares of $1.60 preference stock held on June 26; rights to expire on July 13. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriters**—The First Boston Corp., and Tucker, Anthony & R. L. Day, both of New York.

★ **General Stores Corp.**
May 21 filed 1,884,278 shares of common stock (par $1) to be sold from time to time on the American Stock Exchange. **Price**—Relating to the then current market on the American Stock Exchange. **Proceeds** — To selling stockholders. **Underwriter**—None.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). Of the total, 195,000 shares are to be offered for the account of the company and 30,000 shares for a selling stockholder. **Price**—$1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff, Ark.

General Waterworks Corp.
March 31 filed 16,131 shares of $5 voting preferred stock (par $100) and 66,131 shares of 80-cent dividend voting second preferred stock (convertible—par $1). The company proposes to offer one share of the 80-cent dividend second preferred stock for each share of New Rochelle Water Co. and one share of its $5 preferred and one share of the 80-cent dividend second preferred for each share of New Rochelle $3.50 preferred (including accumulated unpaid dividends from November, 1950). The offer is conditioned upon acceptance by holders of 80% of New Rochelle stock. **Office**—3219 Philadelphia Pike, Claymont, Del. Statement effective May 12.

Giant Food Properties, Inc., Washington, D. C.
May 19 filed $680,000 5½% sinking fund debentures (GT series); due Dec. 1, 1971, together with 74,800 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To Richard Borden Industries, Inc., the selling stockholder. **Underwriters**—Auchincloss, Parker & Redpath, Washington, D. C.; and Kidder, Peabody & Co., New York.

Gilpin (Henry B.) Co., Baltimore, Md.
May 19 filed $725,000 6% convertible subordinated debentures due June 1, 1974, and 17,500 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay notes payable and for other corporate purposes. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

★ **Glasco Corp., Muncie, Ind.**
May 25 filed 100,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To be added to the general funds of the company and be used, together with retained earnings, to maintain its program of research and development in the over-all field of commercial refrigeration and more particularly in that of general vending-machine design; and to reduce or eliminate the necessity for seasonal short-term bank borrowings. **Underwriter**—Smith, Hague & Co., Detroit, Mich.

● **Great American Realty Corp. (6/1-5)**
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** — Louis L. Rogers Co. and Joseph Mandell Co., Inc., both of New York.

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.

Hemisphere Gas & Oil Corp.
April 27 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil and gas properties. **Office**—702 American Bank Building, Portland 5, Ore. **Underwriter**—D. Earle Hensley Co., Inc., 4444 California Avenue, Seattle, Wash.

★ **Hercon Electronics Corp.**
May 21 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To defray expenses; to pay outstanding notes; to purchase equipment and to further manufacturing facilities. **Office**—481 Washington St., Newark, N. J. **Name Change**—Company formerly was known as Hermetic Connector Corp. **Underwriter**—Richard Bruce & Co., Inc., 26 Broadway, New York, N. Y.

● **Hermes Electronics Co. (6/1-5)**
April 29 filed 150,000 shares of common stock. The statement also includes 36,755 shares of common stock issuable upon the exercise of options; and 147,564 shares issuable upon the exercise of rights of holders of $5 cumulative preferred stock to convert such stock; 20,000 shares issuable upon the exercise of rights of holders of 5% 10-year sinking fund debentures due 1965 to convert such debentures, and 734,374 of presently outstanding shares which may be offered by holders thereof. **Name Change**—This company was formally known as Hycon Eastern, Inc. **Price**—To be supplied by amendment. **Proceeds**—To be used in part towards the prepayment of notes and balance to be used for general corporate purposes. **Office**—Cambridge, Mass. **Underwriter**—C. E. Unterberg, Towbin & Co., New York, will underwrite the 150,000 shares of common.

Herold Radio & Electronics Corp. (6/16-19)
May 18 filed $1,500,000 of 6% convertible subordinated debentures due June 15, 1974. **Price**—100% of principal amount. **Proceeds**—To reduce notes payable, excise taxes, payroll taxes and other current liabilities. **Office**—716 South Columbus Ave., Mount Vernon, N. Y. **Underwriters**—Ira Haupt & Co., Hirsch & Co. and Amos Treat & Co., Inc., all of 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.

Hirsch (P. N.) & Co., St. Louis, Mo. (6/1-5)
April 29 filed 132,500 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Newhard, Cook & Co., St. Louis, Mo.

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.

★ **Idaho Department Store Co.**
May 15 (letter of notification) 15,000 shares of common stock (par $10) to be offered to employees under a Stock Purchase Plan. **Price**—To be determined from time to time. **Proceeds**—For working capital. **Office**—803 Main Street, Caldwell, Idaho. **Underwriter**—None.

★ **Ideal Precision Meter Co., Inc. (6/15-19)**
May 19 filed 137,500 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—For planned expenditures and working capital, and for payment of certain indebtedness. **Office** — 126 Greenpoint Avenue, Brooklyn, N. Y. **Underwriter**—Charles Plohn & Co., 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.

Information Systems, Inc., Skokie, Ill.
April 21 filed 170,000 shares of common stock to be offered for subscription by common stockholders of Panellit, Inc., at rate of one new share for each three Panellit common shares held of record May 15, 1959. **Price**—$3.50 per share. **Proceeds**—To pay notes, for research and development costs; and working capital. **Underwriter**—None.

★ **Istel Fund, Inc., New York**
May 20 filed (by amendment) an additional 100,000 shares of common stock. **Price**—At market. **Proceeds**—For investment.

★ **Instruments for Industry, Inc.**
May 22 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office** — 101 New South Road, Hicksville, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Railroads Weighing Corp.
April 16 (letter of notification) 82,626 shares of common stock (par $1) to be offered for subscription by common stockholders at rate of one new share for each four shares held. **Price**—$3 per share. **Proceeds** — For research and development costs and working capital. **Office**—415 Spruce St., Hammond, Ind. **Underwriter**—None.

● **International Recreation Corp. (6/22-26)**
May 14 filed 2,750,000 shares of common stock (par 50 cents). The issue was later reduced by amendment to 980,000 shares. Of this total, 250,000 shares are under option to Webb & Knapp, Inc., exercisable at $10 per share, the shares to be offered for public sale through the underwriters if the option is not exercised. **Price**—$17.50 per share. **Proceeds**—For construction and acquisition. **Office**—60 State St., Boston, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York and Boston.

International Tuna Corp.
April 3 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office**—Pascagoula, Miss. **Underwriter**—Gates, Carter & Co., Gulfport, Miss.

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Investment Corp. of Florida (6/1-5)
April 13 filed 275,000 shares of common stock. **Price**—$4.50 per share. **Proceeds**—For acquisition and development of land in Florida. **Office** — 1750 East Sunrise Boulevard, Fort Lauderdale, Fla. **Underwriters**—Aetna Securities Corp., New York; and Roman & Johnson, Fort Lauderdale, Fla.

Investors Funding Corp. of New York (6/1)
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.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can **Underwriter** — Laird & Rumball, Regina, Sask., Can

★ **Jefferson Wire & Cable Co. (6/22-26)**
May 27 filed 100,000 shares of common stock. **Price**—$3.75 per share. **Underwriter**—Charles Plohn & Co.

★ **Jersey Central Power & Light Co. (7/14)**
May 21 filed $8,000,000 of first mortgage bonds due July 1, 1989. **Proceeds**—To be applied to the cost of the company's 1959 construction program or to reimburse the company's treasury for expenditures for that purpose. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly). **Bids**—Expected to be received on July 14.

Kaiser Aluminum & Chemical Corp.
May 11 filed 64,028 shares of 4¾% cumulative convertible (1959 series) preference stock (par $100) and 128,052 shares of common stock, issued in exchange for the outstanding stock of Mexico Refractories Co. through merger. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—None.

● **Kaltman (D.) & Co., Inc. (6/10)**
May 13 filed 1,406,141 shares of common stock (par 50 cents) to be offered by Noma Lites, Inc., to the holders of its 745,184 outstanding common shares at the rate of 1.9 shares of Kaltman common for each share of Noma common stock held on June 10; rights to expire on June 24. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Underwriter** — Bear, Stearns & Co., New York.

● **Knox Corp., Thompson, Ga.**
May 8 filed $1,500,000 of 6% subordinated sinking fund debentures, with class A common stock purchase warrants attached (for the purchase of 75,000 shares or 25 shares for each $500 of debentures), together with 100,000 shares of class A common stock (par $1). **Price**—For debentures with warrants, at 100% of principal amount; for common stock, to be supplied by amendment. **Proceeds**—To acquire in excess of 80% of the outstanding stock of American Houses, Inc.; for land acquisition and development for home erection; to repay notes to banks and suppliers; and for working capital. **Underwriters** — Ira Haupt & Co., New York; and Straus, Blosser & McDowell, Chicago, Ill. Statement withdrawn.

★ **Land Equities, Inc., Santa Monica, Calif. (6/8-12)**
May 12 (letter of notification) 200,000 shares of class A comomn stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y.

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.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of capital stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

● **Mansfield Tire & Rubber Co. (6/3)**
May 7 filed $5,100,000 of convertible subordinated debentures, due June 1, 1974, to be offered for subscription by common stockholders of record on or about June 2, 1959; rights to expire on or about June 18. **Price**—To be supplied by amendment. **Proceeds**—To pay short-term bank loans, and to augment working capital. **Office** — 515 Newman St., Mansfield, Ohio. **Underwriter**—A. G. Becker & Co., Chicago, Ill.

Marine Midland Corp.
April 17 filed 449,704 shares of common stock (par $5) being offered for subscription by common stockholders of record May 12, 1959, on the basis of one new share for each 20 shares then held, rights to expire on June 1. **Price**—$22 per share. **Proceeds**—To pay an outstanding bank loan due Sept. 30, 1962, and for general corporate purposes. **Underwriters** — The First Boston Corp. and Eastman Dillon, Union Securities & Co., both of New York; Schoellkopf, Hutton & Pomeroy, Inc., Buffalo, N. Y., and Granbery, Marache & Co., New York.

Mary Carter Paint Co.
March 30 (letter of notification) 37,500 shares of common stock (par $1) of which 25,000 shares are being offered by the company, out of authorized but unissued stock, and 12,500 shares are being offered by John F. Crosby, Spring Lake, N. J. **Price**—$8 per share. **Proceeds**—For payment of outstanding loans and working capital, and to selling stockholder. **Office**—Gunn Highway at Henderson Rd., Tampa 7, Fla. **Underwriter**—W. W. Schroeder & Co., New York 5, N. Y.

★ **McGraw-Edison Co., Elgin, Ill.**
May 22 filed 10,000 participations in the company's Profit Sharing Plan for employees, together with 500,000 shares of common stock which may be acquired pursuant to said plan.

Medearis Industries, Inc. (6/15-19)
May 14 filed 200,000 shares of common stock (par 20 cents). **Price**—$3.75 per share. **Proceeds**—For general corporate purposes. **Office** — 42 Broadway, New York, N. Y. **Underwriter**—Amos Treat & Co., Inc., New York.

★ **Mercantile Acceptance Corp. of California**
May 15 (letter of notification) $80,000 of 12-year 5½% capital debentures. **Price**—At face amount. **Proceeds**—For working capital. **Office** — 333 Montgomery Street, San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

★ **Microwave Associates, Inc., Burlington, Mass. (6/15-19)**
May 21 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business**—Develops and produces components for radar systems. **Underwriter**—Lehman Brothers, New York.

Mohawk Rubber Co., Akron, Ohio (6/3)
May 4 filed 15,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital and purchase of equipment. **Underwriter**—Kidder, Peabody & Co., New York.

● **Mortgage Corp. of America**
April 10 filed $1,000,000 of 4⅝% collateral trust notes, due May 1, 1969-79. **Price**—100% and accrued interest. **Proceeds**—For repayment of loan. **Office**—100 St. Paul Street, Baltimore, Md. **Underwriter**—None. Statement effective May 20.

● **Multi-Amp Electronic Corp. (6/1-2)**
May 1 (letter of notification) 99,500 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase building; for research, development, equipment and machinery, etc.; and for working capital. **Business**—Portable and laboratory instruments for testing etc. **Office**—465 Lehigh Avenue, Union, N. J. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York, N. Y.

Narda Ultrasonics Corp.
April 29 filed 20,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To retire a $100,000 outstanding bank loan and the balance will be used for general corporate purposes. **Office**—Westbury, Long Island, N. Y. **Underwriter** — Torpie & Saltzman, New York.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich.

Nationwide Small Business Capital Investing Corp.
April 24 filed 500,000 shares of capital stock (par 50 cents). **Price** — $1 per share. **Proceeds** — For working capital and investments. **Office**—Hartsdale, N. Y. **Underwriter**—None.

Naylor Engineering & Research Corp.
Sept. 29 (letter of notification) 300,000 shares of cumulative voting and non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For organizational expenses and first three months' operational expenses. **Office**—1250 Wilshire Blvd., Los Angeles 17, Calif. **Underwriter**—Waldron & Co., San Francisco 4, Calif.

Nedow Oil Tool Co.
May 5 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To acquire fishing tools for leasing; and for working capital. **Address**—P. O. Box 672, Odessa, Texas. **Underwriters**—To be designated.

North American Acceptance Corp.
April 29 (letter of notification) $300,000 of 6% 10-year subordinated debentures to be offered for subscription by stockholders in denominations of $100, $500 and $1,000 each. Rights will expire July 31, 1959. **Price**—At par. **Proceeds**—For working capital. **Office**—Suite 487, 795 Peachtree Street, N. E., Atlanta, Ga. **Underwriter**—None.

Northwest Defense Minerals, Inc., Keystone, S. Dak.
May 4 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploring and recovering strategic metals and producing same. **Underwriter** — Caldwell Co., 99 Wall Street, New York, N. Y.

Nuclear Electronics Corp. (6/1-5)
April 29 filed 200,000 shares of common stock (par one cent). **Price**—$3.75 per share. **Proceeds**—To be applied to the payment of an indebtedness owed to Wheaton Glass Co.; for payment of bank debt; for research, development, production and marketing; for sales promotion; and the balance for general working capital. **Office**—2925 N. Broad Street, Philadelphia, Pa. **Underwriter**—Charles Plohn & Co., New York.

Office Buildings of America, Inc.
April 6 filed 91,809 shares of class A stock (par $1) and 10,201 shares of class B common stock (par $1) to be offered in units of nine class A shares and one class B share. **Price**—$100 per unit. **Proceeds**—To be available for investment in real estate syndicates and other real estate. **Office**—9 Clinton St., Newark, N. J. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents). **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter** — Assets Investment Co., Inc., New Orleans, La.

★ **Oklahoma Cement Co. (6/15-19)**
May 21 filed $3,600,000 of subordinated debentures due 1974, and 360,000 shares of common stock (par 25 cents) to be offered in units each consisting of $100 of debentures and 10 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion, general corporate purposes, and the balance for working capital. **Office**—Beacon Bldg., Tulsa, Okla. **Underwriter**—Laird & Co. Corp., Wilmington, Del.

★ **Oreclone Concentrating Corp., Virginia, Minn.**
May 20 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For repayment of outstanding obligations and for working capital. **Underwriter**—Investment Bankers of America, Inc., Washington, D. C.

★ **Ozark Air Lines, Inc.**
May 20 filed 132,944 shares of general common stock (par $1) to be offered to holders of class A and class B common stock (not including class B common held by voting trustees) and holders of voting trust certificates for class B common stock, on the basis of one new share of general common stock for each nine shares of class A common, class B common (not including class B shares held by voting trustees), or voting trust certificates for class B common. **Price**—$4.75 per share. **Proceeds**—For purchase of additional flight equipment. **Address**—P. O. Box 6007, Lambert Field, St. Louis, Mo. **Underwriters**—Newhard, Cook & Co. and Yates, Heitner & Woods, both of St. Louis, Mo.

Paco Products, Inc., Pacolet, A. C.
May 11 (letter of notification) 2,000 shares of 7% preferred stock. **Price**—At par ($50 per share). **Proceeds**—To pay bank loans and for general corporate purposes. **Underwriters**—A. M. Law & Co., Spartanburg, S. C.; and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

● **Paddock of California**
March 30 filed 51,847 outstanding shares of common stock (par $1) being 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. Statement effective May 15.

● **Pearce-Uible Co.**
May 11 filed 555,000 shares of common stock (par $1), of which 500,000 shares are to be offered publicly, and the remaining 55,000 shares are subject to sale under Stock Purchase Options granted to employees of the company. **Price**—$3.50 per share to public. **Proceeds**—For acquisition and development of land and construction of houses for sale. **Office**—3850 Beach Boulevard, Jacksonville, Fla. **Business**—Construction of single-family dwellings for sale to home owners. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla., and four other firms.

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.

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.

● **Peoples Drug Stores, Inc.**
May 19 filed 121,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; and Kidder, Peabody & Co., New York. **Offering**—Expected within the next four weeks.

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.

Philadelphia Electric Co. (6/3)
May 7 filed 640,306 shares of common stock (no par), to be offered for subscription by common stockholders of record June 2, 1959, on the basis of one new share for each 20 shares then held; rights will expire on June 23. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Drexel & Co. and Morgan Stanley & Co., both of New York.

Phillips-Van Heusen Corp.
April 21 filed 69,210 shares of common stock, to be offered in exchange for common stock of Kennedy's, Inc., in the ratio of 1½ shares of Phillips-Van Heusen stock for one share of Kennedy's stock.

Piedmont Aviation, Inc.
May 6 (letter of notification) 72,700 shares of common stock (par $1) to be offered to stockholders at the rate of 1/16 of a share for each share held as of May 4, 1959.

Price—$3.75 per share. **Proceeds**—For working capital. Address—Smith Reynolds Airport, Winston-Salem, N. C. Underwriter—None.

• Plastic Materials & Polymers, Inc. (6/19)
May 11 filed 143,750 shares of common stock (par 10 cents). **Price** — Expected at $4 per share. **Proceeds** —For construction of a plant in Rhode Island and for general corporate purposes. **Business**—Primarily engaged in the compounding and coloring of thermoplastic raw materials, and the sale of the resultant product. **Office**—Hicksville, Long Island, N. Y. **Underwriter**—Filor, Bullard & Smith, New York City.

Polarad Electronics Corp. (6/1-5)
May 1 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For working capital and other corporate purposes. **Office**—43-20 34th Street, Long Island City, N. Y. **Underwriter**—Kidder, Peabody & Co., New York.

Poly Industries, Inc. (6/1-5)
May 4 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the company and 100,000 shares for certain selling stockholders. **Price** — $7.25 per share. **Proceeds**—For working capital and to reduce bank borrowings. **Office** —11177 Montague Street, Pacoima, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York.

Precon Electronics Corp. (6/8-12)
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.

Pressed Metals of America, Inc.
April 17 filed 90,000 outstanding shares of common stock. **Price** — Related to the current market price on the American Stock Exchange. **Proceeds**—To selling stockholders. **Office**—Port Huron, Mich. **Underwriter**—None.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

Public Service Electric & Gas Co. (6/2)
May 7 filed $50,000,000 of first and refunding mortgage bonds due June 1, 1989. **Proceeds** — To be added to the general funds of the company and used for general corporate purposes, including payments of a portion of the cost of its current construction program. **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 up to 11 a.m. (EDT) on June 2, at 80 Park Place, Newark, N. J.

Purepac Corp., New York (6/1-5)
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.

Puritan Chemical Corp.
March 30 filed 500,000 shares of capital stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—2 South Broadway, Lawrence, Mass. **Underwriter**—Dunne & Co., New York. **Offering**—Expected any day.

Pyrometer Co. of America, Inc.
April 27 filed 200,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For inventory, expansion of present facilities, equipment, working capital and other general corporate purposes. **Office**—Penndel, Pa. **Underwriter** — Arnold Malkan & Co., Inc., 26 Broadway, New York. **Offering**—Expected in about three weeks.

Radar Design Corp., Syracuse, N. Y. (6/29)
May 26 filed 120,000 shares of common stock ($1 par). **Price**—$3 per share. **Proceeds** — To liquidate notes and mortgages, and for new equipment and working capital. **Underwriter**—Charles Plohn & Co., New York.

• Rapid-American Corp., New York
April 13 filed $7,209,640 of 5¾% convertible subordinated debentures due April 30, 1964, being offered for subscription by common stockholders in the ratio of $100 of debentures for each 10 common shares held of record May 12 (with an oversubscription privilege); rights to expire on June 5. **Price**—At par (flat). **Proceeds**—To be applied in part to the repurchase and retirement of the company's 5¾% convertible subordinated debentures presently outstanding, in full, at par plus accrued interest to the date of payment, and the balance for general corporate purposes. **Underwriter**—None.

Raytheon Manufacturing Co.
May 1 filed 350,602 shares of common stock (par $5) and 100,000 shares of 5½% series (cumulative), serial preferred stock (par $50). These shares were or may be issued as a result of the merger, of Machlett Laboratories, Inc., into Raytheon Co. (formerly Raytheon Manufacturing Co.).

Reeves Soundcraft Corp., Danbury, Conn.
April 30 filed 22,000 shares of common stock (par five cents) to be sold to Lewis Cowan Merrill upon exercise of option. **Price**—$3 per share. **Proceeds**—To Hazard E. Reeves, the selling stockholder. **Underwriter**—None. No public offering is planned.

★ Reichhold Chemicals, Inc. (6/16)
May 22 filed 400,000 shares of common stock. **Price**—Related at the time of offering to the then current price on the N. Y. Stock Exchange. **Proceeds**—To be added to the general funds of the company; and it is expected that about $10,000,000 will be applied to its construction program and the balance added to working capital. **Office**—525 North Broadway, White Plains, N. Y. **Underwriter**—Blyth & Co., Inc., New York.

• Reiter-Foster Oil Corp. (6/3)
March 30 filed $1,500,000 of 6% convertible debentures due 1969, to be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 300 common shares held as of May 29; rights to expire on June 17. **Price** — At principal amount. **Proceeds** — To pay debt and for development of present properties and acquisition and development of additional oils and gas properties. **Underwriter**—Emanuel Deetjen & Co., New York.

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.

★ Reynolds Metals Co.
May 20 filed 255,000 shares of common stock, reserved for issuance pursuant to the company's Stock Option Plan for executives and key employees.

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.

Roosevelt-Consolidated Building Associates
May 4 filed $5,580,000 of Participations in Partnership Interests, to be offered for sale in units. **Price**—$10,000 per unit. **Proceeds**—For general corporate purposes. **Office**—60 East 42nd Street, New York. **Underwriter** —None.

★ Royal Dutch Petroleum Co./Shell Transport & Trading Co.
May 27 Royal Dutch filed 794,203 shares (nominal par value of 20 Netherlands Guilders each), and Shell Transport filed 1,191,304 ordinary shares (1 nominal value). According to the prospectus, an offer has been made by Royal Dutch and Sheel Transport to Canadian Eagle Oil Company Limited, for the whole of its assets and business. Pursuant to the offer, there would be allotted to Canadian Eagle, for distribution in kind to its shareholders, 3,971,012 fully paid shares of Royal Dutch and 5,956,518 fully paid ordinary shares of Shell Transport. Bataafse Petroleum Maatschappij, N.V., a company of the Royal Dutch/Shell group of companies, which owns about 21% of the issued share capital of Canadian Eagle, will waive its right to participate in such distribution. Canadian Eagle shareholders owning the remaining 23,-826,072 ordinary shares of Canadian Eagle will therefore receive two Royal Dutch shares and three Shell Transport ordinary shares in respect of every 12 shares of Canadian Eagle held. The offer is to be voted upon by Canadian Eagle shareholders at a meeting to be held July 21, 1959. After the shares of Royal Dutch and Shell Transport have been distributed to Canadian Eagle shareholders, Canadian Eagle is to be dissolved.

★ Ryan Aeronautical Co., San Diego, Calif.
May 26 filed 330,000 shares of common stock, of which 275,000 shares will be offered on behalf of the company and 55,000 for selling stockholders. **Price** — To be supplied by amendment. **Proceeds**—Amount accruing to the company will be added to working capital. **Underwriter** —Dean Witter & Co., San Francisco, Calif., and New York City.

• St. Joseph Light & Power Co. (6/16)
May 18 filed $4,500,000 of first mortgage bonds due June 1, 1989. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Otis & Co., Inc.; Smith, Barney & Co., Glore, Forgan & Co. and Blair & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Equitable Securities Corp. **Bids** —Expected to be received up to 11 a.m. (EDT) on June 16.

• San Diego Imperial Corp. (6/15-19)
May 18 filed 1,400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For further acquisitions; to repay two bank loans; for advance to a subsidiary; to repay the remaining unpaid balance of the purchase price of the company's new office building; and for other corporate purposes. **Office**—1400 Fifth Ave., San Diego, Calif. **Underwriters**—White, Weld & Co., New York; and J. A. Hogle & Co., Salt Lake City and New York.

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.

★ Scudder Special Fund, Inc., New York
May 19 filed (by amendment) an additional 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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.

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.

★ Smith (H. C.) Oil Tool Co. (6/15-19)
May 20 filed 100,000 shares of capital stock (no par). **Price** — To be supplied by amendment. **Proceeds** — For research and development of new products; to increase inventories; and for the acquisition of new production machinery and tools. **Office** — 14930 South San Pedro Blvd., Compton, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Soundscriber Corp.
May 13 filed 126,254 shares of common stock to be offered for subscription by common stockholders at the rate of one new share for each three shares held. **Price** —$14 per share. **Proceeds**—To be applied for costs incurred and to be incurred in connection with the introduction of a new line of office dictating equipment; payment of installment notes with interest; payment of a bank indebtedness; payment and interest on notes payable; and for general corporate purposes. **Office**—8 Middletown Avenue, North Haven, Conn. **Underwriter**—None.

• Southern Electric Generating Co. (5/28)
April 17 filed $25,000,000 of first mortgage bonds due 1992. **Proceeds**—To be used in connection with financing the cost of constructing a steam-electric generating station on the Coosa River in Alabama and related facilities; and for the repayment of $4,000,000 of short-term bank loans incurred for such capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith; Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on May 28 at the office of Southern Services, Inc., 250 Park Ave., New York 17, N. Y.

Spartans Industries, Inc. (6/8-12)
May 12 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business**—A major producer and distributor of a diversified line of popular price, basic style apparel for men, women and children. **Office** —1 West 34th St., New York 1, N. Y. **Underwriters** — Shearson, Hammill & Co., New York; and J. C. Bradford & Co., Nashville, Tenn.

• Spiegel, Inc. (6/5)
May 8 filed $15,417,500 of convertible subordinated debentures due June 1, 1984, to be offered for subscription by common stockholders of record on or about June 5, 1959, on the basis of $100 principal amount of debentures for each 12 shares held; rights to expire on June 22. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to be available principally to finance its increasing accounts receivable. **Underwriter**—Wertheim & Co., New York.

Standard Electric Co., Inc.
March 31 (letter of notification) 10,000 shares of common stock (par $25). **Price**—$27.50 per share. **Proceeds** —To purchase equipment, erect and equip a semi-fireproof building and for working capital. **Office** — 3016 Austin Highway, San Antonio, Texas. **Underwriter** — Bache & Co., San Antonio, Texas.

• 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.

★ Studebaker-Packard Corp.
May 26 filed 500,000 shares of common stock to be offered to certain officers and key employees of the company under the stock ownership plan.

Suffolk Gas Corp.
May 8 (letter of notification) 6,000 shares of common stock (par $2.50) to be offered for subscription by stockholders; unsubscribed shares to public. **Price**—To stockholders, $6.75 per share. **Office**—151 N. Main Street, Suffolk, Va. **Underwriter**—Strader & Co., Inc., Lynchburg, Va.

Sunray Mid-Continent Oil Co.
May 19 filed 525,000 shares of common stock to be offered in exchange for common stock of Suntide Refining Co. in the ratio of one share of Sunray for each three shares of Suntide. The offer is conditional upon the deposit of sufficient shares of Suntide so that Sunray will own at least 90% of the outstanding Suntide shares. **Underwriter**—None.

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Superior Window Co. (6/8-12)
May 15 filed 50,000 shares of 70-cent cumulative convertible preferred stock (par $8) and 125,000 shares of class A common stock (par 10 cents). **Price**—For preferred stock, $10 per share; and for common stock, $4 per share. **Proceeds**—To purchase the assets of Superior Trucking Co.; for repayment of notes; and for general corporate purposes. **Office**—625 E. 10th Ave., Hialeah, Fla. **Underwriter**—Cruttenden, Podesta & Co., Chicago and New York.

★ **Tang Industries, Inc.**
May 25 filed 110,000 shares of common stock (par 10 cents. **Price**—$3 per share. **Proceeds**—To purchase machinery and equipment; for research and development; for certain expenses and for working capital. **Office**—49 Jones Road, Waltham, Mass. **Underwriter** — David Barnes & Co., Inc., New York.

● **Technology, Inc.**
May 15 filed 325,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To pay off in full the subscription of Microwave Electronic Tube Co., Inc. stock, represented by notes, to pay for improvements upon the plant leased to Microwave, and for working capital. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter** — E. L. Wolf Associates, Inc., Washington, District of Columbia.

● **Telectro Industries Corp. (6/8-12)**
May 6 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For additional machinery and equipment; to retire outstanding balances of a V-loan to a bank and to a commercial credit company; and the balance will be added to working capital and used for general corporate purposes. **Office**—35-16 37th St., Long Island City, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

Teleflex Ltd. (6/1-5)
May 6 filed 75,000 shares of common stock (no par), of which 50,000 shares are to be sold for the account of the company and 25,000 shares for Teleflex Products Ltd. **Price**—To be supplied by amendment. **Proceeds**—For additional equipment and working capital. **Office**—461 King St., W., Toronto, Canada. **Underwriter**—Drexel & Co., New York.

★ **Telemeter Magnetics, Inc.**
May 26 filed 150,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To be applied to the reduction of short-term bank loans incurred for working capital purposes as a consequence of the expanding business of the company. **Business**—The company is engaged principally in design, development, manufacture and sale of digital data handling equipment and components for the computer and data processing industry. **Underwriters**—Lehman Brothers; Hallgarten & Co. and Hemphill, Noyes & Co., all of New York. **Offering**—Expected sometime in June.

Ten Keys, Inc., Providence, R. I.
April 28 filed 973,000 shares of capital stock (par $1). **Price**—$5.40 per share. **Proceeds**—For investment. **Office**—512 Hospital Trust Bldg., Providence, R. I. **Distributor**—E. R. Davenport & Co., Providence, R. I.

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.

● **Thriftimart, Inc. (6/15-19)**
May 18 filed $8,000,000 of convertible subordinated debentures due 1980. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Office** — 1489 W. Washington Blvd., Los Angeles, Calif. **Underwriters**—Reynolds & Co., Inc., New York; and Lester, Ryons & Co., Los Angeles, Calif.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price**—$10.75 per share. **Proceeds**—For investment. **Office**—South Main Street, Greenville, S. C. **Underwriter**—To be supplied by amendment.

Tyce Engineering Corp.
May 6 (letter of notification) 100,000 shares of common stock (no par). **Price** — $3 per share. **Proceeds** — For working capital. **Office** — 809 G. Street, Chula Vista, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

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 Gas Improvement Co. (6/16)**
May 12 filed $10,000,000 of first mortgage bonds due June 1, 1984. **Proceeds**—To be used to reimburse, in part, the treasury of the company for property additions and improvements and to meet, in part, the cost of the continuing construction program, including the retirement of bank loans incurred in connection with such program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities & Co. (jointly); The First Boston Corp.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.; Drexel & Co. and Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 16 at 1401 Arch St., Philadelphia 5, Pa.

● **United Illuminating Co. of New Haven**
May 7 filed 350,501 shares of common stock (no par) to be offered for subscription by common stockholders on the basis of one new share for each eight shares held of record May 26, 1959; rights to expire on June 18. **Price**—$26.50 per share. **Proceeds**—To finance in part the company's 1960-1961 construction program, including the payment of current bank loans incurred in connection with this program. **Underwriter**—None.

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.

Utah Concrete Pipe Co.
April 27 (letter of notification) 41,300 shares of common stock (par $1). **Price**—$7.25 per share. **Proceeds**—To be used to reduce long-term debt; improvement and expansion of Ogden plant and for addition to working capital. **Office**—379-17th St., Ogden, Utah. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

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.

Utility Appliance Corp., Los Angeles, Calif.
April 9 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$5.75 per share. **Proceeds**—To selling stockholders. **Office**—4851 South Alameda Street, Los Angeles 58, Calif. **Underwriter** — Dempsey-Tegeler & Co., Los Angeles, Calif.

★ **Victoria Raceway**
May 25 filed 1,000,000 shares of common stock (par $2 in Canadian funds). **Price**—$4.50 per share. **Proceeds**—To construct and operate a racing plant; and for working capital and other corporate purposes. **Office**—Notre Dame Avenue at King Street, Winnipeg, Canada. **Underwriter**—G. Everett Parks & Co., Inc., New York. **Offering**—Expected in about two months.

● **Virginia Electric & Power Co. (6/2)**
April 28 filed 710,000 shares of common stock (par $8) to be offered for subscription by common stockholders on the basis of one new share for each 20 shares held of record June 2, 1959 (with an oversubscription privilege); rights to expire on or about June 18. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp. **Bids** — To be received up to 11 a.m. (EDT) on June 2 by the company in Room 238, 43 Exchange Place, New York, N. Y.

● **Vocaline Co. of America, Inc. (6/15-19)**
May 19 filed 210,000 shares of common stock (par $1.50), of which 180,000 shares are for the account of the company and 30,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — To retire notes, to expand facilities and for working capital and general corporate purposes. **Underwriter** — George, O'Neill & Co., Inc., New York.

Vulcan Materials Co., Mountain Brook, Ala.
May 7 filed 252,526 shares of common stock, of which 142,526 shares represent the balance of 250,000 shares issuable upon the exercise of options granted key employees under the company's Employees Stock Option Plan. The remaining 110,000 shares are to be issued to stockholders of Greystone Granite Quarries, Inc., and Pioneer Quarries Co., both North Carolina corporations, and to certain other parties in exchange for all the outstanding capital stock of Greystone and Pioneer and certain real and personal properties operated under lease by Pioneer.

● **Wade Drug Corp., Shreveport, La.**
April 28 filed 157,250 shares of class B common stock to be sold privately to retail druggists through James D. Wade, Jr., company's principal officer and stockholder, who will receive a commission of $1.50 per share. **Price**—At par ($10 per share). **Proceeds**—To purchase additional machinery and equipment; research and experimentation; for initial contracts; and purchase of additional companies. **Underwriter**—None. **Offering**—Expected in the next 10 or 15 days.

★ **Walter (Jim) Corp. (6/9)**
May 19 filed 150,000 shares of common stock (par 16⅔ cents) together with $1,250,000 of 9% subordinated unsecured bonds, due Dec. 31, 2000. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1500 North Dale Mabry Highway, Tampa, Fla. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Wellington Electronics, Inc. (6/15-19)
May 6 filed 240,000 shares of common stock (par 75 cents. **Price**—$6 per share. **Proceeds**—For repayment of a bank note; to complete the automation of the etched foil production plant at Englewood, N. J.; for manufacture of machines to be leased to capacitor manufacturers; and for working capital. **Office** — Englewood, N. J. **Underwriter**—Charles Plohn & Co., New York.

Will Ross, Inc.
May 13 filed 88,512 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4285 North Port Washington Road, Milwaukee, Wis. **Business**—A domestic distributor of hospital supplies, equipment and furnishings. **Underwriter**—Blunt Ellis & Simmons, Chicago, Ill. **Offering**—Expected in June.

Worcester Gas Light Co. (6/18)
May 8 filed $5,000,000 of first mortgage sinking fund bonds, series C, due June 1, 1979. **Proceeds**—To be applied to the cost of the company's construction program, including $4,350,000 of advances for construction purposes by Worcester's parent, New England Gas & Electric Association. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Coffin & Burr, Inc. and Estabrook & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (EDT) on June 18 at 10 Temple St., Cambridge, Mass.

Worthington Products, Inc. (6/8-15)
May 8 (letter of notification) $150,000 of 7% convertible subordinated debentures due May 15, 1964 and 15,000 shares of common stock (par 25 cents) to be offered in units of $500 of debentures and 50 shares of stock. **Price**—$500 per unit. **Proceeds**—For advances to Nautilus, a subsidiary, for equipment and working capital; also for working capital of parent and molds and dies for new accessories. **Business**—To design and sell marine products and boating accessories. **Office**—441 Lexington Ave., New York, N. Y. **Underwriter**—B. Fennekohl & Co., New York, N. Y.

Prospective Offerings

● **Aerojet-General Corp. (6/10)**
May 19 it was announced that the company plans early registration of at least 200,000 shares additional common stock. **Proceeds**—For expansion. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Alabama Gas Corp.**
May 21 it was announced that the company plans to issue $4,000,000 of first mortgage bonds. **Proceeds**—To pay construction costs. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Stone & Webster Securities Corp. and Kidder, Peabody & Co. (jointly); Salomon Bros. & Hutzler and Equitable Securities Corp. (jointly). **Offering**—Expected late August or early September.

★ **Alabama Gas Corp.**
May 21 it was announced that the company contemplates the issuance of 30,000 shares of preferred stock (par $100). **Proceeds** — To pay construction costs. **Underwriters**—May be White, Weld & Co., New York; and Sterne, Agee & Leach, Birmingham, Ala. **Offering**—Expected late August or early September.

Bank of Commerce, Washington, D. C. (5/29)
Feb. 26 stockholders of the Bank approved the sale of 2,000 shares of capital stock (par $100) to holders of record May 29, 1959, on the basis of one new share for each three shares held; rights to expire on June 30. **Price**—$150 per share. **Proceeds**—To increase capital and surplus.

Bank of Montreal
May 1, it was announced Bank is offering to its stockholders of record April 17, 1959 the right to subscribe on or before July 10, 1959 for 675,000 additional shares of capital stock on the basis of one new share for each eight shares held. **Price**—$32 per share, payable in 10 monthly installments from July 10, 1959 to April 8, 1960. **Subscription Agent**—Royal Trust Co., Montreal, Canada.

British Industries Corp.
May 12 it was announced sale of 75,000 shares of common stock is planned, of which half will be offered for the account of the company, and the remainder for the account of a selling stockholder. **Underwriter**—Emanuel, Deetjen & Co., New York. **Registration** — Expected in three or four weeks.

Buckingham Transportation, Inc.
May 4 it was reported that the company is seeking early ICC approval for the issuance of 250,000 shares of class A common stock. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill. **Offering**—Expected towards the end of June.

★ **Central & Southwest Corp.**
May 19 it was announced that the company in view of generally favorable market conditions, is now considering the sale of 350,000 or 400,000 shares of common stock. **Offering**—Expected sometime this Fall. **Underwriters** — To be determined by competitive bidding; Probable bidders: Blyth & Co., Inc. and Harriman Ripley & Co., Inc. (jointly); Lehman Brothers and Lazard Freres & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith, Inc.

Consolidated Natural Gas Co.
May 19, James Comerford, President, announced that company plans later in year to issue and sell $20,000,000 of debenture bonds, if market conditions are favorable. **Proceeds**—For investments, improvements, etc. **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).

● **Dilbert Properties (7/6-10)**
May 15 it was announced that this company plans an offering of $4,506,500 of convertible debentures, together with an undetermined number of shares of common stock, to be offered in units. **Underwriter**—S. D. Fuller & Co., 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.

● **First National Life Insurance Co.**
May 12 it was reported that the company plans early registration of about 75,000 shares of common stock (par $4). **Proceeds**—To increase capital and surplus. **Underwriter**—Blair & Co., Inc., New York. **Registration**—Expected on June 4th or 5th. **Offering** — Expected early in July.

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. (7/14)
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). **Bids**—Expected to be received on July 14.

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.

Leeds Travelwear Corp.
May 19 it was announced that company plans some additional common stock financing. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C. and New York.

● **Long Island Lighting Co. (6/24)**
May 15 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); W. C. Langley & Co.; and Smith, Barney & Co. (jointly). **Bids**—Expected to be received on June 24.

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.

★ **Montecatini**
May 26 it was reported that this company plans to offer about $10,000,000 of debentures in this country. **Underwriters**—Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co., all of New York.

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.) (7/22)
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. **Bids**—Expected to be received on July 22.

Pan American World Airways, Inc.
May 4 it was announced that the stockholders would vote on May 26 to authorize the company to offer up to $50,000,000 of convertible debentures. Stockholders would have pre-emptive rights to subscribe for these securities. **Proceeds**—For purchase of equipment, etc. **Underwriters** — May be Lehman Brothers and Hornblower & Weeks, both of New York.

● **Pennsylvania Electric Co. (8/4)**
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.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received on Aug. 4.

★ **Philip Morris, Inc.**
May 26 it was reported that company plans an offering of about $40,000,000 of convertible securities. **Underwriters**—May be Lehman Brothers and Glore, Forgan & Co., both of New York.

Public Service Co. of New Hampshire
April 22 it was stated in the company's annual report that it plans the raising of $13,250,000 from outside sources. This new money will come partially from short-term obligations but principally from permanent financing, the amount and type of which has not as yet been determined. **Proceeds**—To meet construction requirements for 1959.

Puget Sound Power & Light Co.
May 15, Frank McLaughlin, President, announced company plans to issue and sell first mortgage bonds later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Smith, Inc.; Stone & Webster Securities Corp.; The First Boston Corp. and Smith, Barney & Co. (jointly).

Reheis Co., Inc.
May 19 it was announced that this company plans some additional equity financing. **Office** — Berkeley Heights, N. J. **Underwriter**—Aetna Securities Corp., New York.

★ **Seaboard Air Line Ry. (6/4)**
Bids are to be received by the company on June 4 for the purchase from it of about $4,470,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Southern Pacific Co. (6/24)**
Bids will be received by the company on June 24 for the purchase from it of $6,000,000 of 15-year equipment trust certificates maturing annually from June 1, 1960 to 1974. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● **Speedry Chemical Products Co. Inc.**
May 15 it was announced that the company plans an offering of 208,666 shares of common stock. **Underwriter**—S. D. Fuller & Co., New York. **Offering**—Expected during the second or third week in July.

★ **Taft Broadcasting Co., Cincinnati, Ohio**
May 26 it was reported that the company plans a registered secondary offering of about 500,000 shares of common stock. **Underwriter**—Harriman Ripley & Co., New York.

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.

★ **Wayne Manufacturing Co., Los Angeles, Calif.**
May 26 it was reported that this company plans a secondary offering of about 90,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriters**—Mitchum, Jones & Templeton, Los Angeles, Calif.; and Schwabacher & Co., San Francisco, Calif.

Our Reporter's Report

The corporate new issue market experienced something akin to a football player reversing his field this week when a large offering marketed by the competitive bidding route moved out quickly while a negotiated deal proved laggard.

The spanking success which attended the marketing of Consolidated Edison Co. of New York's $75 million of 30-year first mortgage bonds could prove a real and sorely needed tonic for the investment situation in general.

It is months, it seems, since the underwriting fraternity has come up with a real winner, that is, a deal carrying terms which investors were willing to speak up for and place their orders.

True, while Consolidated Edison's new bonds negotiated a slight premium from the offering price, the markup was not enough to touch off any broad demand for recently marketed issues which had slipped two to three points from their initial prices upon being cut loose from syndicate support.

Meanwhile, it was reported that demand was on the slow side for National Steel Corp.'s $80 million of 4⅝% bonds carrying a price tag of 99 for an indicated yield of 4.687%.

Judging by comment in the market area, it looked as though the return on this offering had been made just a mite too thin. The consensus appeared to be that on a 4.75% yield basis it would have been a deal that would have attracted buyers in much greater numbers.

But all-in-all the investment market appeared to be hardening West Penn Power Co.'s new 5⅛s brought out to yield 5%, also were reported moving well to investors.

Thirty-Year Peak

When bankers named a 5⅛% interest rate for Consolidated Edison Co.'s $75 million of new bonds and fixed a bid of 100.3291 this meant that the big metropolitan utility was being forced to pay the highest price since the 20s for new money.

The previous financing by the company was $59.6 million of convertible debentures in January with a 4% coupon rate. A year ago, the last debt financing, without a conversion feature, took the form of $50 million of first and refunding 4s which brought a price equal to a net interest cost of 3.885% and a reoffering yield of 3.85%.

So in the current instance it must be said that the bidding banking groups at least were realistic in the bidding and pricing. The only other bid was for 101.212 or less than 12 cents per $100 piece under the top figure.

Stirs Some Activity

As an offshoot of the Consolidated Edison offering it appeared, according to traders, that there was a bit more willingness to trade into the new issue.

This was reflected in more active offerings of other outstanding issues, though it was noted that most of the "trade-outs" were for cash.

Experienced bond men were confident that a bit more strength in the Edison issue might well arouse greater interest in a number of offerings that have been turned loose in recent weeks.

Busy Week Ahead

Although the Monday calendar is again a largely "when, as, and if" classification, that is it consists of a host of small, speculative issues which could or could not reach market, next week promises a bit of business for underwriters and their dealer groups.

Tuesday will bring the biggest undertaking $50 million of new debentures of Public Service Electric & Gas Co., along with the sale at competitive bidding of 750,000 shares of common stock by Virginia Electric & Power Co. and Bausch & Lomb Optical also has $8,750,000 debentures due out that day.

On Wednesday, Florida Power & Light opens bids for $25 million of bonds and Philadelphia Electric Co. is scheduled to open a "rights" offering of 640,300 shares of common. Thursday rounds out the week with Spigel Inc., slated to offer $15,417,500 of convertible debentures, first to shareholders.

Peter Morgan & Co. Underwrites Stock For Lumber Corporation

Seaboard Plywood and Lumber Corporation is offering 150,000 shares of its common stock at $3 per share, through the underwriting firm of Peter Morgan & Co., New York City.

Proceeds from the offering will be used to expand present product lines and to acquire new related lines.

The corporation and its subsidiaries are engaged in buying, warehousing and distributing plywood, manufactured millwork, hardwood flooring, interior trim, and lumber specialties.

New Behrens Office

HUTCHINSON, Minn. — E. W. Behrens and Company has opened a branch office at 115 Second Avenue, Southeast, under the management of Arthur R. Behrens.

Penington, Colket Admit

Penington, Colket & Co., 70 Pine Street, New York City, members of the New York Stock Exchange, on June 1 will admit John A. Monahan to limited partnership.

Leavitt, Spooner Admits

SYRACUSE, N. Y.—On May 21 Lee K. Simon will become a partner in Leavitt, Spooner & Company, of Boston, members of the New York Stock Exchange.

Mutual Funds

By ROBERT R. RICH

New York Big Market for Fund Shares

New Yorkers led the nation as purchasers of mutual funds last year. According to the National Association of Investment Companies, New York residents paid out $251.5 million for funds in 1958, compared to $218 million the previous year. California, first in 1957 with purchases of $222.5 million, registered a gain to $248 million last year to rank second. Still in third place was Pennsylvania with an aggregate $116.1 million. The smallest volume in any state was the $1 million in Nevada. Total purchases throughout the nation amounted to more than $1.6 billion.

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"Sound Ways to Sell Mutual Funds"

Vance, Sanders & Co. has reactivated its training program on "Sound Ways to Sell Mutual Funds." The first seminar in the new series was held May 26 and 27 at the Statler Hilton Hotel in Boston. The second will be June 2 and 3 at the Statler Hilton Hotel in New York. Future seminars are expected to be held this Fall in such cities as Washington, Atlanta, Cleveland, Chicago, Los Angeles and San Francisco.

During a two-year tour of 16 cities two years ago, the sessions attracted more than 2,000 representatives from about 1,000 dealer offices. The programs offer talks on such subjects as profit-sharing plans, estate planning and recent industry devcoplments. They are highlighted by a seminar in which teams of 10 registrants develop solutions to a particular sales problem on an actual case history.

The Funds Report

Affiliated Fund issued its 100th quarterly report in silver ink to observe the fund's 25th anniversary. During the six months ended April 30, Affiliated increased its net assets from $6.94 per share to $7.62 per share, or to $7.36 per share including a capital gains distribution paid in December. The fund eliminated from its portfolio over the period a large number of electric utility and natural gas stocks (Delaware Power & Light, Public Service Co. of Colorado, Columbia Gas, Southern Natural Gas, and United Gas Corp.) and food issues (Corn Products, General Mills and Pet Milk). Among the largest additions were First National City Bank of New York and Hanover Bank (N. Y.). Affiliated's electric utility holdings are still sizable, however, amounting to 9.44% of portfolio. The banking group is close with 8.35%.

* * *

Commonwealth Income Fund in its quarterly bulletin, the C.I.F. Shareholder, points out that savings are accruing to the fund through the use of microfilm in storing records. A single roll of microfilm, notes C.I.F., stores as many records as four filing cabinet drawers. The bulletin then quotes Benjamin Franklin: "Human Felicity is produced not so much by great pieces of good fortune that seldom happen, as by little advantages that occur every day."

* * *

Wellington Equity Fund, fledgling offspring of Wellington Company, Ltd., manager of giant Wellington Fund, is living up to its name. Issuing its first semi-annual report, the new fund disclosed that in the four-month period ended April 30 it had increased its common stock position from 80% to 96% of resources. Moreover, there have been several basic changes in the fund's holdings. Out the window went a number of auto parts, chemical, oil and paper stocks. Of 11 new common stocks purchased, six can be classed as electronics or missile issues: Electronic Associates, Litton Industries, Northrop Corp., Raytheon, Siemens & Halske and Varian Associates. The others were Cutter Laboratories, Draper Corp., Fansteel Metallurgical, Rexall Drug and Southwestern Public Service. "The purpose of these additions," said Walter L. Morgan, President, "was to provide the fund with a broader participation in companies with especially attractive growth prospects."

* * *

Mutual Income Foundation, managed by Heritage Securities, Inc., an associate company of Nationwide Insurance, has reported that its assets gained by $5 million to nearly $12.7 million during the fiscal year ended last April 30. Over the 23-year period from 1933 through 1956, Mutual Income had been able to acquire only $4 million in assets. The reason why the fund has lately come to life, observes President George S. Hough, can be found in the reorganization of the fund's distribution and management structure started in February, 1957. Since that time, fund shares have been sold through Nationwide Insurance agents who have completed training and obtained securities licenses. It is believed to be the first mutual fund to be marketed exclusively through the agency force of an insurance company.

* * *

More than 47% of the shareholders of **National Investors Corp.**, a growth stock fund of the Broad Street Group of Mutual Funds, are now using the fund's accumulation plan for plowing back dividends and making periodic purchases of additional shares. A recent tabulation showed that 10,393 shareholders owning 30% of the fund's 8,378,543 shares were making use of the plan. Their average holding is 238.5 shares valued at $3,105.

Missiles - Jets & Automation Fund, Inc. reports its net assets increased from $3,064,752 to $4,446,613 during the four months ended April 30. Net assets per share grew from $11.07 to $13.43 over the same period.

* * *

Two funds of **Scudder, Stevens & Clark** have reported sharp gains in assets during the year ended May 15. **Scudder, Stevens & Clark Fund, Inc.** increased its net assets from $67,361,807 or $33.59 a share to $82,724,756 or $40.77 a share. Meanwhile, **Scudder, Stevens & Clark Common Stock Fund, Inc.** registered a gain in net assets from $17,684,593 or $21.69 a share to $29,645,852 or $29.89 a share.

* * *

For the systematic investor interested in long-term gains, anytime is a good time to buy common stocks. That is the counsel of the Franklin Almanac, a publication of Franklin Distributors, dealers in **Franklin Custodian Funds.** To back up its argument, the Almanac has dug up some interesting statistics that should be encouraging to fund managers in this high-priced market.

"Suppose," says the Almanac, "you invested $1,000 each year for 10 years on every June 30 in the leading stocks of the Dow-Jones Industrial Averages." Taking the period 1897-1907, the total invested amount would have appreciated to $3,187. From 1907 to 1917, such a program would have yielded a net gain of $5,215. Here are some other periods: 1917-1927, a net gain of $7,305; 1927-1937, a net gain of $4,138; 1937-1947, a net gain of $2,712, and 1947-1958, a net gain of $9,227.

One of the more intriguing aspects of these "Lucky Seven" starting points is that all of them occurred during periods of prosperity and at times when the near-term outlook was rather uncertain. What's more, the net gain figures, impressive as they are, do not even include dividends.

Hare's New Policy On Commissions

A significant modification has been made in the way purchases under the Institutional Funds Letter of Intent are handled. Beginning immediately, Hare's Ltd. will pay commissions to dealers at the rate applicable to the total amount of the intended purchase designated by the investor.

Purchases will be made at the prevailing offering price just as heretofore but, when the total amount reaches the designated level, a retroactive discount will be applied to obtain additional shares for the investor.

If the investor fails to reach the amount indicated within thirteen months, but his acquisitions total $15,000 or more, a retroactive adjustment will be made on all purchases at the volume actually attained.

The investor may amend a Letter of Intent to increase the designated range within the stipulated thirteen month period, but the retroactive purchase price on the increased amounts shall apply only with respect to purchases made after the filing of this amendment.

N. Y. Municipal Forum Receives Slate

David H. Callaway, Jr., Senior Vice-President of First of Michigan Corporation, has been nominated for President of The Municipal Forum of New York to serve during the 1959-1960 fiscal year, according to an announcement by Henry Grady Wells, Jr., Andrews & Wells, Chairman of the Nominating Committee.

D. H. Callaway, Jr.

Eugene A. Mintkeski, Treasurer of The Port of New York Authority was nominated for Vice-President; Leonard S. Allen, Assistant Vice-President of Chemical Corn Exchange Bank, for Secretary; and Richard Chapdelaine of J. J. Kenny Co., for Treasurer. John C. Fitterer of Wertheim & Co., and Duncan C. Gray, Vice-President of B. J. Van Ingen & Co., Inc. were nominated to serve as Governors of the Forum for three year terms.

Mackay Opens Branch

SHILLINGTON, Pa. — Mackay and Company has opened a branch office at 300 West Lancaster Avenue under the direction of Joseph J. Gallen.

Neuberger, Berman Partner

Neuberger & Berman, 120 Broadway, New York City, members of the New York Stock Exchange, on June 1 will admit Stanley A. Marks and Edward H. Potter to partnership.

Railroad Securities

New York, Chicago & St. Louis

New York, Chicago & St. Louis (Nickel Plate) basicly handles the products of heavy industry. Consequently, its traffic and earnings were depressed last year by the drop in shipments of steel, automobiles and coal. However, the recovery in business activity in these industries has brought about an upturn in the road's earning's position.

April net income expanded to $1,390,435 against only $471,302 in the like 1958 month. For the first four months of this year net income was $4,494,752 as compared with only $1,944,685 in the comparable period a year ago. If there is not an extended steel strike, earnings of Nickel Plate should continue well ahead of a year ago and be close to the $3.50 a share earned in 1957. Last year net income amounted to only $2.52 a share.

Reflecting the improvement in business, gross revenues for the first four months of this year were $51,019,396 against $44,661,685 in the 1958 months and net operating income was $6,109,595 against $3,541,853. This upward trend is believed to have continued through May with carloadings running at a higher rate than earlier in the year and this should make results for the first five months well above those of a year ago.

Nickel Plate serves the highly industrialized territory extending from Buffalo west along the South shore of Lake Erie to Cleveland and Lorain, Ohio, to Fort Wayne, Indiana and Chicago. The leased and controlled Wheeling & Lake Erie serves the coal districts of eastern Ohio and steel and manufacturing districts in addition to the Lake Ports of Cleveland and Huron.

The road is efficiently operated now being fully dieselized. Steam power was eliminated last summer and the road has sufficient diesels to handle a substantial increase in traffic. Consequently the road should hold operating expenses, and particularly transportation costs, down even with a further gain in traffic. Maintenance costs also have been cut and are expected to continue to be under control. Equipment maintenance has been increased in recent months due to the bad car order situation, but this is not expected to be a major problem as far as earnings are concerned. The carrier anticipates a number of old cars with new ones and this would be reflected in these costs.

Despite the recession of last year, Nickel Plate finances remain comfortable. On February 28, cash and cash equivalents amounted to $36,105,000 and current liabilities were $29,658,000. Net working capital on that date was $25,297,000 as compared with $21,827,000 a year earlier. Capital expenditures, sinking fund requirements and debt maturities are estimated at $14,400,000 for the year. Depreciation and retirement charges will give a cash flow of some $7,900,000 and $4,900,000 has been raised for the sale of equipment obligations.

In view of the improvement in earnings and the road's financial condition the 50 cent quarterly dividend rate probably will be continued.

Billups Western Issues Offered by Johnson, Lane Group

An underwriting group headed by The Johnson, Lane, Space Corp. on May 26 offered to the public $5,000,000 of 6% participating debentures, due May 1, 1984 and 1,000,000 shares of common stock of Billups Western Petroleum Co. The group is also offering to certain employees of the predecessor Billups organization, selected by its management, an additional 50,000 shares at $6.10 per share. The securities are being offered to the public as units at a price of $22.20, plus accrued interest on the debentures from May 1, 1959. Each unit consists of one $10 debenture and two shares of common stock which will not be transferable separately until after July 31, 1959.

Net proceeds of the financing will be used by Billups Western and its subsidiaries in the acquisition of substantially all the business and assets of Billups Petroleum Co., a partnership of Hammond, La., and its affiliated corporations which operate gasoline stations in Mississippi, Texas, Louisiana, Alabama, Missouri and Tennessee.

Billups Western was incorporated in Delaware on March 17, 1959. At the conclusion of this financing, its outstanding capitalization will consist of: $1,500,000 in bank loans, $3,500,000 first mortgage and collateral trust bonds, $5,000,000 of 6% participating debentures, 980,000 shares of cumulative convertible preferred stock and 1,050,000 shares of common stock, out of a total authorized issue of 2,520,000 shares.

Spiegel, Inc. Notes Placed Privately

Spiegel, Inc., through Wertheim & Co., has placed $50,000,000 of 5½% notes due July 1, 1979 privately with a group of institutional investors, it was announced on May 28.

DIVIDEND NOTICES

GEORGE W. HELME COMPANY

9 Rockefeller Plaza, New York 20, N. Y.

On May 27, 1959, a quarterly dividend of 43¾ cents per share on the Preferred Stock and a dividend of 40 cents per share on the Common Stock, were declared, payable July 1, 1959, to stockholders of record at the close of business June 12, 1959.

F. J. NEUMANN, Secretary

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 25 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable June 15, 1959, to stockholders of record at the close of business June 1, 1959.

E. F. VANDERSTUCKEN, JR., *Secretary.*

CONTINENTAL BAKING COMPANY

Preferred Dividend No. 82

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable July 1, 1959, to stockholders of record at the close of business June 12, 1959.

Common Dividend No. 57

The Board of Directors has declared this day a regular quarterly dividend, for the second quarter of the year 1959, of 55¢ per share on the outstanding Common Stock, payable July 1, 1959, to holders of record of such stock at the close of business June 12, 1959.

The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

May 27, 1959

QUALITY

The American Tobacco Company

219TH PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on July 1, 1959, to stockholders of record at the close of business June 10, 1959. Checks will be mailed.

May 26, 1959

HARRY L. HILYARD
Vice President and Treasurer

©A.-T. Co.

DIVIDEND NOTICES

AMPHENOL ★ BORG ★

DIVIDEND NOTICE

CHICAGO—At a meeting of the Board of Directors of Amphenol-Borg Electronics Corporation held today a quarterly dividend of thirty-five (35¢) per share was declared, payable June 30, 1959, to the stockholders of record at the close of business June 16, 1959.

FRED G. PACE, *Secretary*

May 26, 1959

CSC

COMMERCIAL SOLVENTS *Corporation*

DIVIDEND NO. 98

A dividend of five cents (5c) per share has today been declared on the outstanding common stock of this Corporation, payable on June 30, 1959, to stockholders of record at the close of business on June 5, 1959.

A. R. BERGEN
Secretary.

May 25, 1959.

INTERNATIONAL SALT COMPANY

DIVIDEND NO. 180

A dividend of ONE DOLLAR a share has been declared on the capital stock of this Company, payable July 1, 1959, to stockholders of record at the close of business on June 15, 1959. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN
Exec. Vice Pres. & Sec'y.

Pullman Incorporated

—391st Dividend—
93rd Consecutive Year of Quarterly Cash Dividends

A quarterly dividend of seventy-five cents (75¢) per share will be paid on June 13, 1959, to stockholders of record June 1, 1959.

CHAMP CARRY
President

PULLMAN STANDARD CAR MANUFACTURING CO. Built by Pullman Standard — M. W. KELLOGG — TRAILMOBILE

DIVIDEND NOTICES

NATIONAL STEEL *Corporation*

NATIONAL STEEL

118th Consecutive Dividend

The Board of Directors at a meeting on May 19, 1959, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable June 11, 1959, to stockholders of record May 28, 1959.

PAUL E. SHROADS
Senior Vice President

ROBERTSHAW-FULTON CONTROLS COMPANY

Richmond, Va.

PREFERRED STOCK

A regular quarterly dividend of $0.34375 per share has been declared on the $25.00 par value 5½ per cent Cumulative Convertible Preferred Stock, payable June 20, 1959 to stockholders of record at the close of business June 10, 1959.

COMMON STOCK

A regular quarterly dividend of 37½c per share has been declared on the Common Stock payable June 22, 1959 to stockholders of record at the close of business June 10, 1959. The transfer books will not be closed.

JAMES A. WITT
Secretary

May 20, 1959

SEABOARD FINANCE COMPANY

COMMON STOCK DIVIDEND

97th Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Company declared a regular quarterly dividend of 25 cents a share on Common Stock, payable July 10, 1959, to stockholders of record June 18, 1959.

PREFERRED STOCK DIVIDENDS

The Directors also declared regular quarterly dividends of $1.18¾ on the $4.75 Sinking Fund Preferred Stock, $1.25 on the $5.00 Sinking Fund Preferred Stock, $1.25 on the $5.00 Convertible Preferred Stock, Series A and B, all payable July 10, 1959, to stockholders of record June 18, 1959.

EDWARD L. JOHNSON
April 23, 1959 *Secretary*

SUNDSTRAND

SUNDSTRAND CORPORATION

DIVIDEND NOTICE

The Board of Directors declared a regular quarterly dividend of 25¢ per share on the common stock, payable June 20, 1959, to shareholders of record June 10, 1959.

G. J. LANDSTROM
Vice President-Secretary

Rockford, Illinois
May 19 1959

DIVIDEND NOTICES

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a regular quarterly dividend of fifty cents (50c) per share on the capital stock ($3 par value) of the Corporation, payable June 15, 1959, to stockholders of record May 29, 1959.

L. G. REGNER, Secretary-Treasurer

Milwaukee, Wis.
May 19, 1959

UNITED GAS CORPORATION

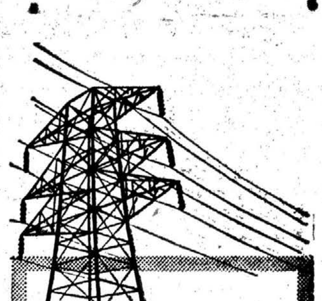
SHREVEPORT, LOUISIANA

Dividend Notice

The Board of Directors has this date declared a dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of the Corporation, payable July 1, 1959, to stockholders of record at the close of business on June 10, 1959.

B. M. BYRD
May 27, 1959 *Secretary*

UNITED GAS SERVING THE *Gulf South*



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 200
65 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 49
27 cents per share.

The above dividends are payable June 30, 1959, to stockholders of record June 5. *Checks will be mailed from the Company's office in Los Angeles, June 30.*

P. C. HALE, *Treasurer*

May 21, 1959

Edison

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — In Salt Lake City, Paul Pehrson, owner of two hardware and appliance stores is bringing in new customers and increased sales by serving delicious turkey sandwiches several times a year.

"The sandwiches I serve are tender and have all the trimmings," said Mr. Pehrson. "Nothing can sell hardware like a good turkey sandwich."

The hardware stores in Salt Lake City, and nearly all the other hardware stores across the countries these days, are selling more recreational and outdoors equipment than in any time in history. They do not need "turkey sandwich showmanship" for selling such things as picnic supplies, barbecuing supplies, camping equipment, and other things for outdoor living.

More and more people are going to the forests, and along the streams for recreation and vacation. This year paper tents, good for a season, and reputedly rainproof and fireproof, are on the market. At the end of the season the tent can be tossed away for lack of storage space, and a new one bought next year.

Because of the urge to spend more time outdoors, particularly the millions of Americans who live in apartment buildings, and big cities, new problems are arising. As a result a detailed plan to provide more timber, water, recreation, wildlife and other renewable natural resources from the nation's increasingly valuable forests has been presented by Secretary of Agriculture, Ezra Taft Benson.

The Department of Agriculture's Forest Service is now readying field task forces which will begin on the ground studies July 1. The purpose is to get a complete and factual inventory of recreational potential of the national forests. The facts gained from the great survey will be the basis of programs for the activation needed by the National Outdoor Recreation Resources Review Commission established by law in 1958.

Secretary Benson points out that the American people are turning more and more to national forests for recreation. With shorter working hours, all indications are that this trend will continue. In 1958 alone 68,500,000 recreation visits were made to the national forests, 12% more than 1957.

Recreational Crisis Developing

Authorities in Washington declare that the present congestion in the national forests, and in the state, county and local forests and recreational areas, is not just something that is temporary, but a mild crisis has developed already.

The growing population, rising family incomes, more time and leisure means that the present demands for recreation are mild indeed, as to what the situation will be 10 or 20 years from now. By the year 2000, the situation would be horrible unless some planning is done now.

The Forest Service review that is to be undertaken will include inventory and evaluation of recreation resources and possibilities in the 181,000,000 acres of national forests. Under multiple-use management, recreation is integrated with the other resources such as timber, water, wildlife, and grazing. The review will assure that full consideration is given recreation needs in the intensified management of national forests.

The first phase will involve finding out what lands are suitable for various recreational uses, and pinpointing areas needing more study. All kinds of outdoor recreation will be considered, including camping, picnicking, fishing and hunting, mountain climbing, boating and swimming, skiing, hiking, horseback riding, and the enjoyment of wilderness and wild areas. Field work is scheduled to be completed by the autumn of 1960.

Some of the experts in Washington concur that the manufacturing picture for those companies making recreational goods and supplies looks most favorable for the future.

The network of new highways being built will bring the average family hours closer to their favorite camping and outdoors area of the future.

The Forest Service has done a favorable job of management of the forests in the past 20 years. Tree planting has taken place at a marked pace, forest fires have been reduced substantially, and timber harvests are now at an all-time high. Nevertheless, much remains to be done during the next 25 years or so.

Government Timber Sales

Secretary Benson foresees the day when the present income from the national forests will treble, primarily from the sale of standing timber. He is hopeful that by the year 2000 timber sales from the forest lands owned by the Federal Government will amount to $350,000,000 a year with an annual cut of 21 billion board feet of sawtimber.

However, the Cabinet officer's immediate goal would be to increase the recent record cut of seven billion board feet to 11 billion during the 1960s. The American Forest Association's authoritative publication, "American Forests," a few weeks ago extended warm editorial congratulations to Secretary Benson for his blueprint. Said the "American Forests":

". . . The programs proposed, in short, would put the national forest system in A-1, apple pie order and people everywhere would regard them as another wonder of the world. Water flow will be increased through more intensive management of watersheds — welcome news to 1,800 western towns and cities served by national forest water and for most irrigated farm lands and hydroelectric developments.

". . . In carrying out the previously announced Operation Outdoors, the new proposals will see both parts of this program in full swing. Ten thousand new campground and picnic sites containing 102,000 family units are proposed. Improvement of 7,000 miles of the 81,000 miles of fishing streams and 56,000 acres of lakes by stabilizing banks, planting streamside cover, and constructing channel improvements are also in the plans."

The blueprint calls for complete construction and reconstruction of 90,000 miles of access roads and 8,000 miles of trails at the earliest possible time. Eventually, the plan calls for 70,000 miles of forest highways, 542,000 miles of access roads, and the trail network will be reduced to 80,000 miles. There is at present 24,400 miles of forest highways, 149,000 miles of forest development roads and 112,200 miles of trails.

Recreation Stimulants

Resources of the Future, Inc., through Marion Clawson, in looking ahead to the demands for outdoor recreation during the next four decades, cites four primary factors for the ever rising demands for recreation.

These are population, buying power, leisure and the mobility of the people.

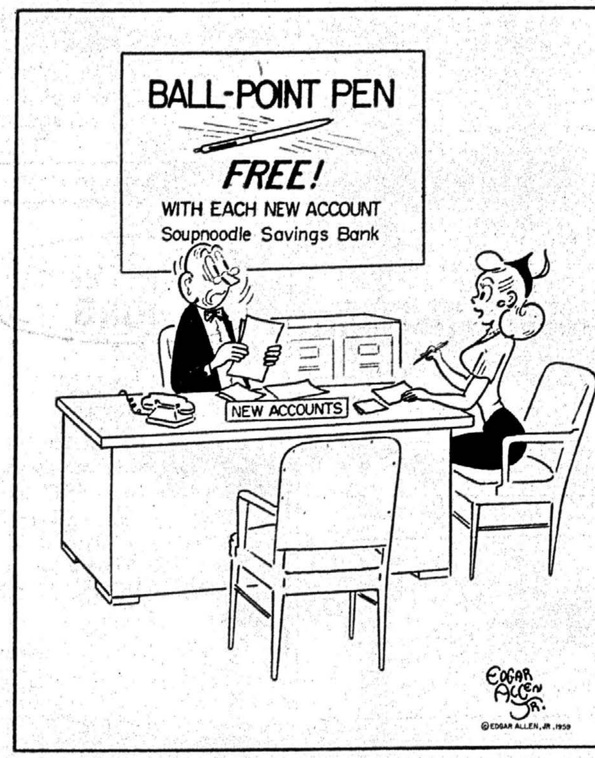
It is estimated that by 2000 there will be about twice as many people in the United States as was in 1950. It is reasonable to expect that a national population of 240,000,000 in 1980 and 310,000,000 in 2000.

Mr. Clawson goes on to say that people perhaps will have twice as much money to spend in 2000 as in 1950. This fact will greatly stimulate use of recreation areas, especially when admission is free or at nominal rates.

People will have more time for outdoor recreation. He points out that the average number of working hours per week has been dropping from around 70 hours in 1850 to around 40 in 1950. Certainly the future prospect is for still shorter working days and weeks. People will travel farther to get to the recreation areas of their choice over the network of highways.

[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



"Thanks for the pen—and now, if you don't mind, I'll use it to close out the account."

N Y S E Extends Quote Program on WNYC

The daily program of New York Stock Exchange closing prices broadcast over New York City's municipal radio station, WNYC, has been moved to an earlier time and has been lengthened, starting May 25.

The program will be broadcast at 3:30 p.m., immediately after trading ceases on the floor of the Exchange, and will continue until 3:50 p.m. The stock price program, a popular public service feature of WNYC for the past three years, previously ran from 3:40 p.m. to 3:55 p.m.

Final prices and net changes for the day will be given for approximately 300 common and preferred New York Stock Exchange issues —about 20% of the total number listed on the Big Board.

WNYC is at 830 on the dial.

Business Man's Bookshelf

All Bank Statistics: United States, 1896-1955—Board of Governors of the Federal Reserve System, Washington, D. C. (paper).

Directory of American Automobile Dealers — B. Klein & Co., 27 East 22nd Street, New York 10, N. Y.—in four volumes: Ford Motor Co., $25.00; General Motors Corp., $40.00; Chrysler Corp., $25.00; All Other Dealers, $25.00.

Electric Power Survey — 25th Semi-annual survey—Edison Electric Institute, 750 Third Avenue, New York 17, N. Y. (paper), $1.

Favorable Business Climate — A study by the Economic Problems Department—National Association of Manufacturers, 2 East 48th Street, New York 17, N. Y. (paper).

Memo to a College Trustee: A Report on Financial and Structural Problems of the Liberal College — Beardsley Ruml and Donald H. Morrison—Fund for the Advancement of Education, 477 Madison Avenue, New York 22, N. Y. (paper).

Private Enterprise in Economic Growth, A Panel Discussion—International Finance Corporation, 1818 H Street, N. W., Washington 25, D. C. (paper).

San Juan: A special Report—Government Development Bank for Puerto Rico, San Juan, Puerto Rico (paper).

State Government Finances in 1958—Compendium—U. S. Department of Commerce, Bureau of the Census—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 40c.

Strategy for Investors — John D. Clarke — Semagraph Security Studies, 1024 North Boulevard, Oak Park, Ill., $2.00.

United States Investment in Australian Manufacturing Industry —directory showing extent of U. S. investment in Australian manufacturing industry, listing U. S. firms known to have established factories in Australia or interest in Australian manufacturing firms—Industries Division, Department of Trade, Melbourne, Australia.

United States in World Affairs, 1958 — Richard P. Stebbins — Council on Foreign Relations, 58 East 68th Street, New York 21, N. Y., $6.

U. S. Information Agency, 11th Review of Operations: July 1— Dec. 31, 1958—U. S. Information Agency, Washington, D. C. (paper).