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EDITORIAL

As We See It

The communist theory of world domination has always been based on the belief that the West could be and would be conquered through the East. Not wholly unrelated to this notion is a recent statement by the titular head of the Democratic party, Adlai E. Stevenson. Said Mr. Stevenson the other day at McGill University:

"The rich are getting richer and the poor poorer as population grows faster than production in the poor areas. The pre-condition of any effective world policies in the West is an imaginative understanding of the implications of this race between resources and population; of this growing gap between a small, wealthy, white, western minority who have modernized and the vast majority of mankind who have not."

It was presumably Lenin's idea that the poverty-stricken and sometimes enslaved peoples of the world, who then as now numbered many hundreds of millions, could be aroused to bring defeat and perhaps destruction to the nations where wealth had accumulated, sometimes at the expense of what we now call backward peoples. It is apparently Mr. Stevenson's belief that basically conditions are not only bad but getting worse in these undeveloped lands—due in part to lack of progress in producing the good things of life and in part to population growth. One supposes that he has in the back of his mind also the fact that the Kremlin is well aware of Nikolai Lenin's teachings about how to make use of the misery of many peoples to conquer or destroy

Continued on page 28

Our Position in the Current Business Cycle

By ALLYN P. EVANS*

President, Lionel D. Edie & Company, New York City

Mr. Evans is convinced recovery still has two-thirds of the way to go in the business cycle—roughly another two years. And that regardless of temporary variations it will occur within the framework of the economy's longer-term secular growth trend. He predicts higher short and long run interest rates and offers other one-year forecasts. Predicting capital spending will increase 15 to 20% over 1959 in 1960, the economic consultant avers the real race between USSR and U. S. A. is in the field of capital spending—a challenge which he believes our business and government will successfully meet. A meaningful analysis of the population capacity of both countries, present and future, is also provided.

The late business recession hit bottom in April, 1958 when the Federal Reserve Board Index of Production reached 126 after having declined from a previous high of 147 in February, 1957. The preliminary figure for April, 1959 was 149. As you can see, the recovery to date has been steep and substantial. We are asked: Can this rate of recovery be sustained? Is it proceeding too rapidly? Will it collapse suddenly? Some point to the extremely high rate of steel production, inventory accumulation and the probability of a strike. Others refer to the high level of unemployment, the outflow of gold, foreign competition, the decline in farm prices, the sluggishness of the recovery in capital expenditures, the high cost of money and the international political crisis. Speculation in the stock market has given concern to many. When you draw up a


Allyn P. Evans

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*An address by Mr. Evans before the Businessmen's Luncheon given by the New York Trust Company, May 27, 1959.

Who Says Steel Industry Is Immune to Competition?

By BENJAMIN F. FAIRLESS*

President, American Iron and Steel Institute

The competition of foreign steel and that of substitutes for steel is held to be one of increasing concern. It prompts Mr. Fairless to expose two illusions: viz., steel is immune to competition and cannot be priced out of the market by rising costs. Announces that Iron and Steel Institute will explore present and potential use of domestic and foreign steel products so as to enhance steel's competitiveness. He endorses foreign aid as a way to build up foreign markets as well as prevent spread of communism; opposes tariff or quota protection; and favors keeping steel competitive by keeping all costs down, improving technology and by helping and encouraging a rise in the standard of living abroad.

The past 12 months have been eventful ones. A year ago the iron and steel industry was operating in the trough of a recession and profits were suffering sharp declines. Some companies, in fact, were operating at a loss.

Fortunately, now, those trends have been reversed and despite the recession, our industry last year maintained its world leadership with a gain of nearly seven million tons of new capacity.

But the increase in operations during recent months does not mean that all the industry's problems have been solved. One of these problems has been giving me a great deal of concern of late.

I might describe this problem by referring to two great illusions which seem to persist in some quarters. One of them is that there is little or no competition for steel in the market


Benjamin F. Fairless

Continued on page 32

*An address by Mr. Fairless before the 67th General Meeting of the American Iron and Steel Institute, New York City, May 28, 1959.

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

Seismograph Service Corp.—Stuart M. Beringer, Vice-President, P. W. Brooks & Co., New York City. (Page 2)

Twin Coach Company—Morton A. Cayne, of J. N. Russell & Co., Inc., Cleveland, Ohio. (Page 2)

STUART M. BERINGER
Vice-President
P. W. Brooks & Co., Inc.,
New York City

Seismograph Service Corp.

Do you ever long for the good old days when sound industrial stocks selling at less than eight times earnings and at substantial discounts from book values were the general rule rather than exception. Well, for those who appreciate ample *present* value for each dollar invested, (and who perhaps don't get too excited about stocks selling at 20 times projected earnings), I would like to suggest for consideration the common stock of Seismograph Service Corporation of Tulsa, Okla. But, like an over-eager story-teller who, in his concern as to his ability to hold his audience's interest, lets the punch line slip out before the joke is properly told, let me insert right here, out of context, that this stock, currently available around 14½, is selling at only 1.8 times cash earnings of $8.57 per share in 1958!

Stuart M. Beringer

Turning now to a more orderly review of this situation, I should like to point out that Seismograph Service Corporation was incorporated in 1931 and is believed today to be the world's leading supplier of seismograph services and complex electronic devices used by oil and gas companies throughout the free world in their unending search for oil and gas reserves. The company has been responsible for some of the important new techniques and equipment in the geophysical field, many of which are patented, and has recently substantially expanded its manufacture of such equipment and other specialized electronic apparatus both for its own use and for sale to others.

In addition to seismograph surveys, the company provides a survey service used in off-shore exploration (Lorac), continuous velocity logging and gravity meter operations. Playback centers have been established in seven major oil areas to afford the most modern cross-section presentation of seismic data from field magnetic-tape recordings. A comprehensive re-interpretation service for geophysical data, both gravity and seismic, employing certain new devices of advanced design, gives the company certain competitive advantages in this field. Seisverters, for example, an exclusive device for converting old seismic records to magnetic tape are providing such valuable additional information that they are working 24 hours a day in Tulsa, Calgary, Caracus, and London.

Operating revenues in 1958 reached an all-time high of $16,278,000, marking the eighth consecutive year that they have advanced. Net income after taxes declined to $573,000 (or $1.57 per share) as against an average of $753,000 for the past 5 years (or $2.07 per share). Operations were adversely affected during the year by the well-publicized depressed condition of the oil industry in the U. S., Canada and Venezuela. Nevertheless, cash earnings (profits after taxes plus depreciation) as a percentage of operating revenues were at a high for the past 5 years of 19.2% and totaled an amazing $3,120,000 (or $8.57 per share) after adding back depreciation charges of $2,547,000 or $7.00 per share The steady progress recorded in sales and cash earnings during the past 5 years is summarized in the table below:

Cash dividends have been paid each year since the company's stock was first offered to the public in 1946. From 1953 through the 1956 dividends totaled $1.00 per share annually, but were reduced to 60c (plus 4% stock) in 1957 and to 40c in 1958 as a result of lower earnings, unusually heavy expenditures for fixed assets and a fairly tight cash position. In view of the company's large cash flow, the placing of a $1,500,000 of 13-year notes with Prudential Insurance Co. in February, 1959, and the improving business outlook for the oil industry some dividend increase this year and the restoration of the former $1.00 rate in 1960 both seem to be reasonable possibilities.

The company thus appears to possess just those credentials which would normally command a generous price among investors. It is an established leader in its field, has developed considerable technological know-how, provides an important service to a basic industry, has a long record of steady growth and large proven earning power, and has a small capitalization of just 388,000 shares of common stock, including 24,000 issued on Jan. 1, 1959 in connection with the acquisition of Birdwell, Inc. (The purchase of this wire-line service company in Bradford, Pa., is expected to further strengthen the company's competitive position principally with respect to logging services.)

Nevertheless, Seismograph Service Co. common stock is selling at less than twice cash flow earnings, at only seven times 5-year average earnings and at a discount of 30% from its book value of $20.72 per share. Furthermore, the current bull market in equities has had little or no influence to date on this issue which has sold at 14 or higher in each of the past six years. It thus seems, in the writer's opinion, to represent a rare opportunity to acquire a truly undervalued special situation despite the price inflation in the general market.

	In Thousands				Per Share*	
	Operating Revenues	Net Income	Depreciation	Cash Flow Earnings	Net Income	Cash Flow
1958	$16,278	$573	$2,547	$3,120	$1.57	$8.57
1957	15,858	853	1,968	2,820	2.34	7.75
1956	13,665	572	1,571	2,144	1.57	5.89
1955	11,439	757	1,287	2,044	2.08	5.62
1954	11,271	1,012	1,143	2,155	2.78	5.92
5-year average					$2.07	$6.75

*Based on 364,000 shares outstanding on Dec. 31, 1959

MORTON A. CAYNE
J. N. Russell & Co., Inc.,
Cleveland, Ohio
Member: New York Stock Exchange
American Stock Exchange and
Midwest Stock Exchange

Twin Coach Company

The common stock of the Twin Coach Company presents a capital gains opportunity that is primarily based on the assumption that the airplane is not going out of style.

Morton A. Cayne

In 1958 on sales of $41,524,599, Twin earned $3.45 per common share. This was no easy task for a management who just the year before was beset with countless problems in a losing situation. Under the leadership of President W. H. Coleman (elected in September, 1957), Twin divested itself of Fageol Products Company, Kent, Ohio, a subsidiary manufacturing marine engines, bus engines and parts. The Kent Production Division which produced post office vans and sheet metal parts was sold along with North American Marine of Warsaw, Ind., which produced small pleasure boats. (Tax loss carry forward into 1959 about $1½ million.)

Today Twin Coach retains and operates their Aircraft, Missiles Division at Buffalo, New York, which is an important subcontractor of major airframe components, special sub-assemblies for vehicles and other products for the marine and missile industry. The Service Parts Division — warehouses and sales offices, Kent, Ohio, and Fort Erie, Ont., Canada, sells replacement parts for buses and other vehicles formerly manufactured by Twin in years prior to 1958, and stocks all replacement parts and services transit-type urban buses sold and manufactured by the Flexible Company of Loudenville, Ohio.

The Twin Coach Company at the start of 1959 had an aircraft order backlog in excess of $35 million which included contracts from Boeing, Chance Vought, Grumman, Republic Kaman, Northrup and McDonnell for parts that include wings, wing flaps, rudders, bomb racks, missile launcher beds, etc.

Space does not permit a complete summary of all aircraft covered in these many contracts but all deal with airplanes being produced for the government as part of our defense program such as the Strategic Air Command which continues to be important for our major defense as well as a retaliatory force.

For American Motors, Twin built special aluminum bodies for the "Mighty Mite" vehicle, which may soon develop into a very important quarter-ton, four-wheel drive military unit for the Army Ordnance Department and which is presently being evaluated and tested by the Marine Corps.

The "Pack Rat," a highly mobile

Continued on page 12

Become Active in Politics To Stay Active in Business

By GEORGE M. HUMPHREY*
Chairman, National Steel Corporation
Pittsburgh, Pa.

Former Secretary of the Treasury presents business with a bill of particulars pointing up the need to undertake a far greater, more active part in politics in both parties. Concerned not only with the apathy businessmen generally display in handing over the "power of attorney" to office-holders, Mr. Humphrey also admonishes business and labor on pricing themselves out of their markets. He urges the President be supported in his efforts to limit spending and to balance the budget; warns that politically determined costs can price business out of better markets and adversely affect wage and pricing policies; ridicules the notion a few people can administer prices in a vacuum; and to preserve a healthy business climate, recommends informing employees and stockholders on importance of freedom of choice, fiscal responsibility and sound monetary policy. Notes, for example, that agriculture takes *all* surtaxes paid above the 20% rates, five-sixths of which is for price supports.

Most of us have learned that when a document is handed to us for signature, it is wise to turn it over before signing and read the fine print on the back, which usually carries the real tough obligations and conditions.

Geo. Humpurey

The ballot is the most prized possession of citizenship in this country. It's our cherished evidence of the freedom of choice that we all hold so dear and that generations of Americans have fought and died to preserve.

But how many of us have thought to read the fine print on the back? How many of us appreciate the obligations, the responsibilities, this great privilege carries with it, if its benefits are to endure?

Of course, in a literal sense, there is no fine print on the back of the ballot. But in an absolutely real sense, a great deal of very important—and very fine—print is involved. This is found, not on the back of the ballot, but in the whole use and tradition of representative government as we have developed it in this country. The very word representative means that we *elect* people to *represent* us in our local, state and Federal governments, and these people that we elect have tremendous power over our lives through the legislative and the executive branches of our system of government.

Our form of government is the best, the most effective, and the most equitable form of government ever devised. But our kind of government can only be the best kind of government if it is intelligently used by informed people determined to *have* the best government on earth. We must always remember, we must never forget, that a good *form* of government does not guarantee *good* government. You only get *good* government by *using* a good system vigorously and intelligently.

One of the most important things for us to preserve, defend and improve through the exercise of our kind of government is our system of free economic choice—our free competitive enterprise system—and this, in practical form is our business system. It is our free business system that produces the jobs that make the goods and the wages and income by which we have gained the most satisfactory standard of living in man's history. It is from these jobs and goods and *incomes*—and only from these—that we draw the taxes to support our government, to defend our nation, to educate ourselves, and to provide us with our roads, harbors, social security and employment benefits, and to achieve the military and economic objectives of our foreign policy. It is from the jobs and goods and incomes of our free business system that we siphon off the wealth that supports our churches, our art and literature and music, our great private universities, our health and recreational facilities, and the entire material fabric of our cultural and spiritual life.

It's Time Business Responds

Business has been in the political dog house in this country long enough. It is shot at from every quarter. I'm proud to be a businessman. Almost every material benefit we have is created by business, and it's time every American businessman takes his proper place in leadership toward sound governmental objectives and fulfills his political duties and obligations.

When we use the ballot, the fine print gives the political officeholder a power of attorney much more extensive and effective than any power of attorney you grant in the course of business, to improve and strengthen, or to warp,

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*An address by Mr. Humphrey before the 67th General Meeting of the American Iron and Steel Institute, New York City, May 28, 1959.

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Observations . . .

By A. WILFRED MAY

STAR SPLIT PERFORMANCE

Surely IBM is entitled to an Oscar for its ever sensational split performance. Of course, its market gyrations have made big profits for all and sundry. But more important, the public's reactions are invaluable in highlighting the broad misconceptions concerning that glamorous phenomenon, the stock split. This most popular of stocks, as a counterpart of a famed New Deal slogan, has been following the process "split and split and split, and rise and rise and rise."

A. Wilfred May

Beginning the year 1956 at 403, a price already representing a price-earnings ratio of 31, the issue, propelled by split expectations, rose to 534 by the end of April. The declaration of a four-for-one split at that time reduced the price of the new shares back to 400, whence renewed split expectations promptly carried them up to 550 at the 1956 year-end.

And so on. By May first 1957 the stock advanced further to 575, when another split, this time two-for-one, adjusted the price of the new shares down to 288, with a year-end close at 300. During the following year, 1958, re-stimulated by the splitability coincident with its continuing high price level, the stock again staged a sensational rise to end the year at 552 (representing a price-earnings ratio of 50); with a further advance to 603 by this year's April split-time. Again, from its three-for-two post-split price of 390 on April 29 last, our tireless "Split Candidate" has, of course, during the past month sensationally risen a hundred points back to 488—where it is again temptingly splitable.

Thus, by its policy of using the small-sized split (as 3-for-2) to further its aim of keeping the market price from getting out of hand, the management is unwittingly stimulating the public's "Split Candidate" speculation.

Price Reduction Not Indispensable

The IBM record shows that a reduction of a stock's price below the 100 or 50 level is not necessary for broadening share ownership any more than for promoting favorable market action. For the number of holders of this high-priced stock has grown from 31,024 at the end of 1956 to 57,330 in 1957, to 66,667 in 1958, and 81,000 currently. Evidently the mere process of splitting *per se* is more important to the investor than is the consequent reduction in the shares' price. Directors of Superior Oil and Christiana Securities, take heed! To get in the split-and-market rise-groove, just shave Superior down to the 1,200-range from its present 1,800 level, and Christiana only down to the 10,000 range from its present $17,000 per share tag. Following IBM's example, these issues would promptly rise again in their role of Split Candidate. In other words, the higher the price, the more splitable, and hence attractive!

A New Study

The popularity of IBM, whose $400-$500 split price tag has hardly made it a bargain-basement item, seems to cast doubt on conclusions held by the pro-splitters. In a new and interesting study, "Observations on Stock Splits," Harold Clayton of Hemphill, Noyes & Co. cites the mutual fund industry's findings to show that 10-20 is the price range to which shares should be split, to increase the shareholders' list. He further maintains that the public wanting the Blue Chip issues, instead of buying them directly at their high prices, acquires them indirectly by purchasing the low-priced funds—thus materially depriving the companies of stock ownership-broadening.

"A company's stockholders are prime prospects for its products or services" is another popular reason for splitting cited by Mr. Clayton. But this advantage is surely inapplicable to all but the companies catering to the consumer. The investor's affinity for his stock's ticker symbol presumably would not help the sales of machinery, metals, steel, airplane, tool, cement, heavy chemical, shipbuilding, realty, or missile enterprises. And does not the feverish state of today's market speculation reduce stock traders' tieing-in of their stock with its respective business (with occasional confusion from nomenclature:—as the sometime ascription of Seaboard Airline to the plane flying business, Minute Maid to watch manufacturing, etc)?

Other reasons for splitting ably advanced by Mr. Clayton include the public's preference for buying in round lots, and the desirability of corporations catering to the public's predeliction for a low price tag,—and he further notes that a Blue Chip is a Blue Chip regardless of a low price-range.

Fault Lies With the Public

We concede that the corporation itself is generally sound in engaging in a split; and in most cases conscientiously attempts to forestall its shareholders' misconceptions. One corporation's current split proposal amendment not only prominently states that splitting will not in any way alter the proportionate interest of stockholders, but also sets forth the amount by which brokerage commissions and taxes will be higher on the equivalent transactions in the new stock; namely, by 45% on a stock selling at 50.

Harm results rather from the *investing public's* misconceptions about the essentials of the split process, thus intensifying senseless speculation in large areas of the market. Let the commentators, and the Stock Exchange authorities as well, do a realistic educational job, to lessen its abuse as an inflationary market gadget!

Richards With Boston Branch of Albert Frank

BOSTON, Mass. — Robert L. Richards, for the past several years an account executive with the New York headquarters of Albert Frank-Guenther Law, Inc., has been transferred to the agency's Boston office, 10 Post Office Square. Mr. Richards' prior association was with the New Bedford (Mass.) "Standard Times."

Robert L. Richards

Wm. Nichols V.-P. of Wm. E. Pollock & Co.

William C. Nichols has been elected a Vice-President of the investment firm of Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, dealers in United States Government securities, and underwriters and dealers in state, municipal, railroad and industrial securities.

Pittsburgh Bond Club To Hold Annual Outing

PITTSBURGH, Pa.—On June 19 the Bond Club of Pittsburgh will hold its Annual Spring Outing at the Longue Vue Club.

Baker, Simonds Branch

DETROIT, Mich.—Baker, Simonds & Co. has opened a branch office at BF-7 Northland Concourse, Northland Center, under the direction of William A. Benjamin.

Now Britton, Pecaut

SIOUX CITY, Iowa—The firm name of C. W. Britton & Company, Orpheum Electric Building, has been changed to C. W. Britton, Pecaut & Company.

United Imp. & Inv.

United Improvement & Investing Corp. has been formed with offices at 25 West 43rd Street, New York City, to engage in a securities business.

The State of Trade and Industry

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

Extension of the business advance at a better-than-seasonal pace, and on a broadening scale, is evident from the data now available for the spring quarter, the Office of Business Economics announces in the May issue of the "Survey of Current Business," monthly publication of the Department of Commerce.

Demands are rising briskly in most markets. In fact, the only broad area of demand which is still lagging is the foreign market, where exports have tended downward in recent months.

The strong current performance of the economy is evidenced clearly by the rise in personal income. Figures for April place the overall total at a seasonally adjusted annual rate of $372½ billion—up more than $3 billion from March and about $7½ billion from February. Increases in the preceding half year had averaged around $1 billion per month. April personal income was $23 billion, or 6½%, larger than in the same month of 1958.

The current upsurge in the flow of income to individuals has reflected wholly an enlarged volume of disbursements from productive activity. Transfer payments have changed little as the continuing decline in unemployment insurance benefits has approximately counterbalanced the rising trend in other types of social insurance benefits.

The income expansion has centered primarily in wages and salaries. At annual rates, aggregate payrolls in the economy advanced about $3 billion in both March and April, reaching a record high of $253 billion.

The advance in payrolls, in turn, has derived principally from higher employment, although small further increases in hourly earnings and hours worked also have contributed. The employment reports for April indicate an extension of the significant improvement which had been noted for March—sizable gains in number of jobs and an accompanying reduction in unemployment.

Retail sales have reflected the steady advance in personal income. Preliminary figures for April indicate sales for the first four months of the year at a seasonably adjusted annual rate of $213 billion, 8% above the recession period a year ago. Most of this advance was in physical volume.

Sales at durable goods stores registered another marked rise this spring, following the large gains made in the closing months of last year. This has been especially true for automotive dealers, who experienced a 10% increase in their total sales in the first quarter of this year compared to the fourth quatrer of 1958, seasonally adjusted.

Sales by building materials and hardware dealers have registered a sharp advance so far this year. Seasonally adjusted, sales in the first quarter were more than 3% above the fourth quarter. Furniture and appliance sales have been tending slowly upward for a year. In both of these groups the strength in home buying has been a stimulating factor.

Retail sales of nondurable goods stores were up 5% for the first four months of the current year from the corresponding period of a year ago; marked advances have been registered by general merchandise and drug stores.

Prices have shown little net change in recent months and now average a little higher than a year ago. Both at retail and wholesale, products of farm origin have shown appreciable declines, and nonagricultural prices have tended upward. Wholesale industrial prices turned up in mid-1958 and have risen since that time a little more than 2%—about the equivalent of the rate of increase for the two years preceding the recent recession, i.e., mid-1955 to mid-1957. During that period farm and food prices were also rising most of the time, and the average of all prices showed a rather steady advance.

Nationwide Bank Clearings Up 35.7% 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 30, 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

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There Has Been a Basic Change In Our World Trade Position

By GEORGE S. MOORE*
Executive Vice-President,
The First National City Bank of New York, New York City

The closing of the dollar-shortage era and the growing competitiveness of Europe, Mr. Moore says, attests to the success of our efforts and, thus, we must learn to live with the resultant, and not unexpected, stiff competition. He writes on our export problems, competitive position, balance of payments and weighs the consequences of all this for our foreign trade prospects. Abjuring we must not revert to protectionism, or end our foreign programs, or remain complacent, the New York banker recommends we militantly discipline ourselves at home, pass the Boggs Bill, and explain the facts of our changed world economic position to the public. The fact that currencies are convertible and any lessening of trade restrictions against U. S. goods aids our competitive position should not go unnoticed, he adds, nor for that matter the change in Europe's favorable factors.

I
The End of the Dollar Shortage Era

The general theme of what I want to discuss about world trade and America's place in it, is that I think we have come to the end of an era. I shall call it the dollar shortage era. During that period American policies have been designed to reconstruct the Western world and build the kind of world trade and financial structure in which we want to live.


George S. Moore

I think the United States can take great satisfaction from its part in building this world. We began the job after the war with such programs as UNRRA and the Marshall Plan and have continued right down to the present day with other forms of foreign aid. There has also been an increased flow of private American capital and tourist expenditures. In the trade field, we have continued the Reciprocal Trade Program with its steady reduction of our tariffs and the consequent stimulus to our imports. These and other factors have supplied the world with a growing volume of dollars. In fact, many people do not realize it but the United States year after year in this decade with only one or two exceptions, has been running a substantial deficit in its balance of payments. We have in this way made a great contribution to restoration of more normal international trade and financial relations. Western Europe and Japan have been rebuilt and their productive capacity has been restored. The most important signal of success was the restoration of convertibility of the principal European currencies at the end of 1958.

The end of the dollar shortage era really means that the principal countries of Western Europe, plus Japan, have now had their desire for international liquidity satisfied. By and large, these countries feel that their reserves today are adequate. Even the British, whose need for reserves is greater than that of some other countries because they must run a world currency also, feel more comfortable and have not been deterred by a shortage of reserves from taking a number of expansionary measures to combat their recent recession.

You might well ask about the dollar shortage of the developing countries, but I submit that their desire for liquidity can never really be satisfied, at least not in our generation. Their needs and their urge to develop are so strong that they will tend to use any dollars with which they are supplied.

The ending of the dollar shortage era in 1958 came with unusually dramatic swiftness. During that era, American exports had it all their own way, principally because we were often the only source of supply for many goods. This was brought out in striking fashion as recently as 1957 when our exports soared to the record-breaking level of $19.5 billion largely because the Suez Canal was closed and there were major crop failures in some of the countries of Western Europe, all in a period of boom. In 1958, however, our exports steadily declined as the situation returned to normal, so the export figure for the year as a whole was only $16.3 billion. We began to feel acutely the competition of Europe and Japan in a world situation that in several respects could hardly have been more favorable for our competitors.

First, their productive capacity, due to the combination of our aid and their own remarkably vigorous and well directed efforts, had been more than fully restored.

Second, the boom in Europe was tapering off during that year so that more and more of Europe's capacity could be diverted from domestic needs to export.

Third, a tapering off of the European boom resulted in a decline of inventories so that the volume of Europe's imports, including imports from the United States, tended to fall.

Finally, world commodity prices fell so that Europe and Japan were able to get the reduced volume of imported materials at considerably cheaper prices. In fact, as export prices were maintained in the face of falling import prices, the terms of trade (i.e., the spread between these) of many of the countries of Western Europe improved on the order of 10 to 12%.

The net result of these factors was a marked improvement in the international financial position of Western Europe and Japan. Western Europe alone gained a total of about 3.6 billion in dollar and gold reserves during the year and thus absorbed practically the whole of the dollars that we supplied the world during that year. The primary producing countries, plagued by lower prices and reduced export volume, were not able to add to their reserves at all. As you well know, the Western European countries converted a large part of their increased dollar reserves into gold—$2.3 billion of it in fact. It was not so much that these countries had lost confidence in the dollar; it was simply that most of them were gold holding countries by tradition so that as their reserves grew, they automatically converted their newly acquired dollars into gold. To some extent, this development is continuing in 1959, so we are still suffering gold losses to Europe and Japan, though at a markedly reduced rate.

The finishing touches are in the process of being put on the international structure that we have been trying to build by the increase of 50% in the quotas in the International Monetary Fund and the International Bank for Reconstruction and Development. This increase in quotas will help all countries, developed and underdeveloped alike, but let us not forget it—they also represent, in effect, an additional line of credit on the resources of the United States.

One final point about the competitiveness of Europe: 1959 has brought the Common Market. The six nations of this market have about the same population as the United States although their gross national product is only about 40% of ours. It has been growing twice as fast and is likely to continue to grow at a relatively faster pace than we, at least for a time. Over the years immediately ahead, the Common Market will not only become a great free trade area corresponding roughly to the United States, but there are good prospects that the rest of the countries of Europe as well will be tied into this area in some way or other. These reduced barriers to trade will strengthen Western Europe immeasurably and thereby the whole of the free world. These peoples are striving for many things Americans already have. They are able, resourceful and hard-working. There is no good reason why they cannot have what they are striving for, nor will this be a bad thing. It is creating a strong social and economic unit to work side by side with us in the struggle for freedom and peace.

Europe has now reached the point in her recovery and strength when she can and should assume a greater share of the burdens that we have carried so largely ourselves since the end of the war.

II
The American Export Problem

What do these developments in Europe mean for the American exporter? They mean increased competition in contrast to the era of the dollar shortage, when many of our exports were virtually alone in the field. More and more we shall have to face stiff competition from the factories of Europe and Japan. This is the kind of world that we have tried to build. We must now learn to live with it.

Not only do we have to adjust to the new situation, the Europeans must adjust to it too. Most of them still discriminate against American goods in spite of the fact that the coming of convertibility has removed the financial basis for such discrimination. This means that traders who come into possession of convertible currencies may nevertheless be prevented from buying in the United States by direct import restrictions or quotas imposed upon United States goods by the country of their residence. Some of the European countries have relaxed their quantitative restrictions but others, in particular the United Kingdom and France, have lagged behind. Generally speaking it is now possible for the United States to export industrial materials, basic foodstuffs, and certain types of capital goods into the Western European countries, but we can export only token amounts of consumer goods so that most of the advantages of the liberalization in this area have flowed to other European countries rather than to the United States. It should also be remembered that the convertibility moves, except in Germany, only restored what is called external convertibility. There is good hope for further liberalization of dollar imports because with the advent of convertibility one currency is as good as another. There is no point for a convertible country to try to economize on dollars against any other convertible currency. It might simply be cutting off its nose to spite its face by denying itself access to the cheapest market.

And so we must face the fact that European developments in the last year and a half have not given much help to our direct trade with Europe. Many American companies are meeting the situation with manufacturing facilities already located in Europe or within the Common Market area. Many others are exploring the possibilities. While the basic concept is to substitute local manufacture for exports from this country, this is not always the case. Often the productive facilities provide only partial manufacture and assembly and include the use of component parts to be exported from the United States. Also, the resident company often facilitates our export sale of other products not included in the foreign manufacturing program.

I should like to think of the significance, for American industry and labor, of this movement of American capital to Europe. As long as our capital can move freely to foreign countries—and it would clearly be a denial of the system for which we stand and of the key role of the dollar in the world to place any impediments against it—it can be used to employ resources abroad rather than at home. In other words, while it is entirely consistent with our world position to be an exporter of capital, we cannot let our costs at home get so far out of line that our capital exports are simply resulting in the employment of labor. This is an aspect of the foreign rather than American labor competitiveness of our costs that many able leaders both in business and in labor may sometimes forget.

III
The Competitive Position of U. S. Exports

It is still not entirely clear as to how fundamentally the competitive position of our exports has been affected. In manufactured goods, our exports are still more than double our imports and we continue to be far and away the world's largest exporter of manufactures. But there has been slippage. In 1958 our exports of manufactured goods were only 2.4 times imports as against 3.2 times imports in 1956 and 3.4 times in 1954. The decline last year in our exports of manufactured goods is all the more significant because industry was seeking foreign orders to compensate for slackened sales at home. But Western Europe and Japan were more successful than we were in maintaining their exports of manufactures. I need only cite automobiles as a case in point.

During the second half of 1958, the U. S. exported 10% less manufactured goods than during the first half of 1957, a period during which world trade in manufactures reached an all-time peak. At the same time, according to preliminary data, Germany increased its exports of manufactures by 14% and Japan by 6%; the United Kingdom's exports dropped 4% and France, on the whole, maintained its position. Italy and the Netherlands increased their exports of manufactures, Belgium, Luxembourg and Canada lost ground, and Sweden and Switzerland more or less held their positions. The net result was that the reduction in world total exports of manufactures was accounted for principally by the fall in U. S. sales. Thus our share in total world exports of manufactures slipped to 24% in the second half of 1958 from 26% during the first half of 1957. Germany on the other hand, displaced the United Kingdom last year as the world's second largest exporter; its share rose from 17 to 19%. The share

Continued on page 33

*From an address by Mr. Moore before the World Trade Dinner, Milwaukee, Wisconsin, May 19, 1959.

Fiscal and Monetary Outlook

By DR. VICTOR R. FARHI*
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Lecturer in Economics, College of the City of New York

Bank economist examines principal facets of our encouraging economic recovery in providing the background against which future monetary policy must be planned. He outlines the hard and soft money approaches to economic growth and, in reviewing the problems facing our monetary authorities, predicts tighter credit and higher interest rates lie ahead with some temporary stabilization as Treasury refundings and new issues are brought to the market. Looking ahead into 1960, the writer sees increasing: retail sales, consumer credit, inventory accumulation, bank loans, demand for mortgage money. Also a turn around in capital spending, and a F. R. B. Production Index rise to 150 by year's end and further gains in 1960.

Gazing into the crystal ball is a major occupation of these United States. Estimates of future activity are necessary in planning our lives. The job of a business economist is to examine current trends, make estimates of the future and convey these estimates to decision-making authorities so that they may be better equipped to perform their tasks. Sometimes the business outlook is clouded and even professional economists are in the dark. At present, the outlook is clear.

Victor R. Farhi

Recent statistics indicate that the 1957-1958 recession is a matter of history. The Federal Reserve Board Production Index at a level of 146 in February, 1957, declined 20 points to 126 in April, 1958. From this low level, total production of the United States rose in jet-like fashion until it reached 147 last March. The momentum of the economy is still upward and should reach a level of over 150 by year end, and score further gains in 1960. The probability of a steel strike this July and consequent over-production of steel at present will interrupt not change this upward trend. The national product of the country, now at a rate of about $465 billion, will follow the same course. About $35 billion will be added to the national product this year.

Under these circumstances, it would be well to examine how the fiscal and monetary authorities will act during the economic climb ahead.

The Federal budget for the year ending June 30, 1959 will result in a deficit of around $13 billion. Budget receipts, badly curtailed because of the recession, will be around $68 billion. Expenditures, high because of the cold war, farm price supports and other uncontrollable expenditures, are estimated about $81 billion. For the fiscal year 1960, President Eisenhower has presented a balanced budget. Federal receipts are estimated at $77.1 billion, and expenditures at $77.0 billion. This is too good to be true; it is possible the 1960 budget will show a small deficit of about $2 to $3 billion. It is doubtful whether the Congress will support the President and curtail expenditures as he desires; further, there is no telling how cold or how hot the international situation will be, or the cost of agricultural supports.

Treasury Borrowing

Thus, in all probability, the Treasury will be forced to borrow large amounts of new money—say about $4 to $6 billion by Dec. 31, 1959. Refunding of old debt will amount to $24.3 billion, exclusive of the weekly bill offerings. Most of all of this debt will be restricted to the shorter-term securities—probably a large part of this through the commercial banks. Along with increasing demands for short-term funds from business borrowers, this would suggest an upward trend of short-term money rates. The yields on new three months Treasury bills have partially reflected this movement; these yields have already increased from 0.58% in May, 1958, to 3.10% this April.

It is possible—but highly unlikely—that the greater part of the new Treasury debt will be financed through longer-term securities. Investor preference has decidedly moved away from government securities and toward common stocks and other debt instruments. Public doubts as to the future value of the dollar, a yield ceiling of 4¼% on government bonds, and a possible desire by the Federal Government not to compete for funds that may be used in the housing market or in a plant and equipment revival are other reasons why the Treasury will limit most of its new offerings to the shorter-term securities.

Rising Inventories and Bank Loans

One of the contributing causes of the now past recession was a desire by American business to liquidate its inventories. This desire to liquidate inventories resulted in a net reduction of $4.7 billion of inventories in calendar 1958. Inventory liquidation has ceased; accumulation of inventories has begun. The first quarter of 1959 should record inventory accumulation at an annual rate of about $4 billion, or $1 billion for the quarter. Accumulation of inventories should continue for all of this year and into 1960—except for the possibility of temporary liquidation after the steel strike deadline.

This accumulation of inventories should result in increasing bank loans. Commercial bank loans have so far failed to react to increasing inventories. This is due in part to the usual seasonal decline in bank loans in the first quarter of the year, and to large cash balances of corporations. Nevertheless, increasing demands for bank loans from now to the end of 1959 and into 1960 are very likely.

Incomes and expenditures of consumers suffered little in the past recession. The year 1959 has already seen and should continue to see successive advances in consumer incomes and expenditures. This should make for increasing retail sales and for increasing demands for consumer credit. The latter, of course, is mainly dependent on the level of automobile sales. Passenger car sales, though hardly exuberant, are much better than a year ago. It is very gratifying that the recovery from recession levels has taken place without the stimulus of booming auto sales. Perhaps the American economy is less dependent on the auto industry than formerly. The introduction of smaller cars, promised to the American public by the end of this year, may bring about a real revival in auto sales. Credit needs by consumers will increase.

Construction and Mortgage Outlook

The outlook for residential construction, and the demand for mortgage money is good. Outlays for residential construction have recorded new highs every month since May 1958; construction contracts awards have been in an uptrend for over a year. Although there may be some let down in housing starts and in residential construction outlays by the end of the year, the demands for mortgage money in 1959 should definitely be higher than in 1958.

Capital Spending Turn Around

Plant and equipment expenditures—a late turner in most business cycles—have at long last turned around. These expenditures declined from $37.0 billion in 1957 to $30.5 billion in 1958, a decline of almost 20%. Outlays by American business for plant and equipment have already shown an increase and will increase further this year. The Department of Commerce-Securities and Exchange Commission survey indicates a level of $31.8 billion for this year. It is highly possible that this estimate may be too low; the latest McGraw-Hill survey, taken about a month after the Department of Commerce-SEC survey, already shows a higher result. American industry in 1959 will be motivated by a desire to modernize its plant so as to be in a better position to meet competition by offering new products and by decreasing unit labor costs. As business improves, and as output approaches capacity, American business will continually increase its expenditures for plant and equipment. The year 1959 will be mainly an efficiency year rather than an expansion year; perhaps 1960 will be the reverse.

The funds necessary for plant and equipment expenditures will originate mainly from the depreciation allowances and retained profits of business. The recent dramatic revival of profits of corporations indicates that corporations have the financial means to expand; this revival of profits further stimulates expenditures. Additional funds will be sought in the equity and the debt markets.

Foreign competition is becoming more and more severe. Many markets have been lost and others are being lost to overseas competitors. The camera, the steel wire, the auto, textiles, the sewing machine, and many other American products have felt the severe inroads made by foreign products. Many American jobs have been lost. Last year, the balance of payments showed a deficit of $3.4 billion, resulting in a loss of $2.3 billion of gold. The sharp rise in imports and the continuation of foreign aid programs were among the main reasons for this loss of gold. The American dollar is being weakened in international markets. This year we can expect a slight increase in exports as foreign economies recover from the effects of the recession, and a greater increase in imports.

The domestic price level has been steady for about a year. With increasing demands for all types of goods and services, and with the very definite possibility of further wage increases later on this year, the groundwork is being laid for price advances in late 1959 and in 1960. And there is always the overhanging possibility that stock market price advances may spill over into the commodity markets.

This is the background against which future monetary policy must be planned. Let us remember that monetary policy is designed by mortals using powers granted to them by the electorate. Their task is to use these powers so as to assist in achieving the maximum economic potential (the good life) for the economy. Maximum economic potential means growth that can be sustained; it means the greatest good for the greatest number for the longest possible period.

How to Achieve Economic Growth

At present, there are two schools of thought as to how to achieve economic growth. The one school says, let us stimulate the economy constantly so as to achieve the maximum rate of growth regardless of what happens to the price level. In other words, inflation is here to stay; let us relax and enjoy it.

The other school says, stimulation of the economy that leads to a continuously rising price level is false stimulation. Inflation leads to more inflation, inflation cannot be controlled and must lead to a collapse; inflation leads to decreased savings and thus reduced investments. Maximum economic growth must be achieved within a stable price level.

These thoughts are not new in American financial history. There are many examples of past conflicts between the hard money and soft money schools. For example, witness the conflict between the silverites and the gold standard proponents in the time of William Jennings Bryan; witness the conflict at the founding of this country between the early Republicans under Thomas Jefferson and the Federalists under Alexander Hamilton.

(If sides were to be chosen, this writer would find himself aligned with the hard money school.)

The monetary authorities of the country are also committed to the latter school—that of hard money. Federal Reserve Governor William McChesney Martin has emphasized time and time again: "The Federal Reserve System will continue to the best of its ability to contribute, so far as it can, to

*An address by Dr. Farhi before the Forum on 1959 Forecasts, School of Commerce, St. John's University.

continuing prosperity and economic growth without inflation."

Note the words "to the best of its ability"; we must all be aware that the powers of the monetary authorities are solely those granted to them by the Congress. There are many, many areas of the economy beyond the control of the monetary authorities.

The problems facing the monetary authorities in 1959 and in 1960 are large: (1) The possibility of further price increases this year and next is great. In addition to other effects, price increases also lead to the danger of greater foreign competition and the possible loss of American jobs. (2) The stock market is booming. Does this mean that the American public has an inflation psychosis and they are trying to hedge against expected price increases? If sc, does the American public really expect a constantly rising price level? Will this carry over into other markets? (3) The Treasury's demand for funds mu t be accommodated. If the Treasury debt is purchased by commercial banks, excessive bank credit may be created. (4) Tightening of monetary controls cannot be fully effective as long as corporations have a high degree of liquidity. Once this liquidity is squeezed, then monetary controls can be more effective. At what point does this take place? The answer may be when commercial bank loans start to increase. (5) How much time lag is there between the imposition of a control and its effect?

During boom conditions—or if possible before the boom originates—it is wise to avoid excessive creation of bank credit. Flexible monetary policy, the policy now employed by the Federal Reserve authorities, entails flexible interest rates, and the curtailment of excessive bank credit. Such a policy, during boom condition, has brought about and will continue to bring repeated attacks upon the Federal Reserve System. The hard money advocates and the soft money advocates will be battling.

Sees Tighter Credit Ahead

The monetary policies of 1959 are evident. The authorities will continue to restrict the supply of credit, allowing just enough to accommodate the needs of business and the government—to the best of their ability. The credit situation will get increasingly tight with some temporary stabilization as Treasury refundings and new issues are brought to the market. The monetary authorities will make use primarily of the discount rate, open market operations and moral suasion. Further increases in the discount rate will take place, probably more than occurred in the recovery after the 1953-1954 recession.

In summation, the economic outlook for the remainder of the year is promising. 1959 is a year of recovery, not a boom year. The expectation of a real boom must be delayed into some time in the 1060s, when the demands of some sector of the economy burst forth. The increase in the demands for all types of credit in 1959 will be greater than the increase in the supply. Interest rates, both long and short, will increase; most of the increase in Treasury short term rates has already taken place, but further increases are evident. The upward pressure on prices will increase as the year progresses. The monetary authorities will try, by restricting the growth in the supply of credit, to restrain these inflationary pressures. If is doubtful whether the monetary authorities will fully succeed; but they will try—to the best of their ability—with the limited means at their command.

Insurance Company Investments in First Quarter of 1959

New capital funds becoming available for the economy from life insurance policy assets in the first quarter of 1959 totaled $1,526,000,000, some $124,000,000 more than in the like period last year, according to the Institute of Life Insurance. Total assets held for the benefit of the policyholders of the more than 1,350 U. S. life companies on March 31 were $108,945,000,000.

Adding the funds made available for reinvestment from maturities, refundings, prepayments, amortization, roll-over of short-term securities and sale of older investments, total new investments in the first quarter were just over $5,000,000,000, or nearly $1,000,000,000 more than a year ago.

U. S. Government securities accounted for the largest block of acquisitions in the quarter, $1,737,000,000, nearly double those of a year ago. Holdings of such securities rose $24,000,000 in the three months to $7,229,000,000.

Mortgage acquisitions in the first three months by the life companies were $1,401,000,000, up 17% from a year ago, bringing holdings to $37,486,000,000 or $389,000,000 more than on Jan. 1.

Corporate securities bought in the quarter totaled $1,296,000,000, down about 11% from last year, but holdings rose $691,000,000 to $47,317,000,000.

Joins Bache & Co.

COLUMBUS, Ohio—Sigmund J. Munster is now affiliated with Bache & Co., 30 East Broad St.

Dealer-Broker Investment Recommendations & Literature

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

Automotive Industry—Analysis of mid-year outlook—Hirsch & Co., 25 Broad Street, New York 4, N.Y.

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

Commercial Bank Stocks—Data on 47 banks and five holding companies—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Fire & Casualty Insurance Stocks—1958 earnings comparison —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Fire & Casualty Stocks—Comparative figures—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Foreign Exchange Quotations—Current quotations of currencies of 140 countries throughout the world—Manufacturers Trust Company, International Banking Department, 55 Broad Street, New York 15, N. Y.

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

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

Jet Impact on Aviation — Article in June issue of "The Exchange"—The Exchange Magazine, 11 Wall Street, New York 5, N. Y.—20c per copy, $1.50 per year. Also in the same issue are lists of companies paying stock dividends of more than 5% in 1958, listed stocks selling for less than 12 times earnings and more than 25 times earnings, large proportionate dividend payers, etc.

Life Insurance Stocks: 1958 Operating Results and Five-Year Comparisons—Victor G. Paradise, Paradise Securities Company, 9477 Brighton Way, Beverly Hills, Calif.—$2 per copy.

Monetary System: A Problem of Timing—Review—Bank of Nova Scotia, Toronto, Canada.

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.

Public Utility Districts in the State of Washington for 1958—Survey—John Nuveen & Co., 135 South La Salle Street, Chicago 3, Ill.

Real Estate Bond and Stock Averages — Tabulation — Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, New York.

* * * *

ABC Vending—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also in the same circular are brief analyses of **Rheem Manufacturing** and **American Aggregates.**

Algoma Steel Corporation, Ltd.—Review—Burns Bros. & Company Limited, 44 King Street,West, Toronto, Ont., Canada.

Allied Chemical Corporation — Data — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **American Smelting & Refining Company; Chicago, Milwaukee, St. Paul & Pacific Railroad; Electric Storage Battery Company; Ex-Cell-O Corporation,** and **R. H. Macy & Company, Inc.**

American Greetings Corporation—Analysis—Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Hein-Werner Corporation.**

American Telephone & Telegraph Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Avien Inc.—Memorandum—George, O'Neill & Co., 30 Broad Street, New York 4, N. Y.

Blaw Knox Co.—Memorandum—Shields & Company, 44 Wall Street, New York 5, N. Y.

Braniff Airways, Inc.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Broadway Hale Stores, Inc. — Memorandum — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Citizens Casualty Company of New York—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Cleveland Cliffs Iron Co.—Memorandum—A. G. Becker & Co., Incorporated, 120 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **National Tile & Manufacturing Co.**

Diebold Incorporated—Bulletin—De Witt Conklin Organization, 120 Broadway, New York 5, N. Y. Also available is a report on **Eastern Industries.**

Diketan Laboratories, Inc.—Memorandum—R. E. Bernhard & Co., 170 South Beverly Drive, Beverly Hills, Calif. Also available is a memorandum on **Precision Radiation Instruments, Inc.**

East Utah Mining Company—Report—Cromer Brokerage Company, Inc., 39 Exchange Place, Salt Lake City 11, Utah.

Elco Corporation—Analysis—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Florida Home Insurance Co.—Memorandum—Atwill & Company, Inc., 605 Lincoln Road, Miami Beach 39, Fla.

Garret Corp.—Data in June issue of Monthly Investment Letter —Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also in the same issue are data on **Swift & Co., Wurlitzer, Kelsey-Hayes, Peoples Gas Light & Coke** and **American Natural Gas.**

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

Howe Sound Company—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Air Products, Inc., Diamond Gardner Corporation, Richfield Oil Corp.** and a list of the favorite 50 of monthly invstment plan buyers.

International Utilities Corporation—Analysis—McLeod, Young, Weir & Company Ltd., 50 King Street, West, Toronto, Ont., Canada.

Kirsch Company—Analysis—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Lanolin Plus, Inc. — Memorandum — Candee & Co., 44 Wall Street, New York 5, N. Y.

Link Belt Co.—Memorandum—Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa. Also available are memoranda on **Provident Tradesmens Bank & Trust Co.** and **Vanadium Alloys Steel Co.**

Liquefied Petroleum Gas—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Manning, Maxwell & Moore—Memorandum—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Orange and Rockland Utilities, Inc.—Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y. Also available are comparative figures on **Public Utility Common Stocks.**

M. F. Patterson Dental Supply Co.—Memorandum—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

Perkin Elmer Corporation—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Pittsburgh & Lake Erie — Discussion in the June issue of "American Investor"—American Investors, American Stock Exchange Building, New York 6, N. Y.—15 cents per copy, $1 per year. Also in the same issue are discussions of **Wallace & Tiernan Incorporated, Standard Oil Company of Kentucky** and 60-stock income plus growth list.

Reinsurance Investment Corporation—Report—First Investment Savings Corporation, Box 688, Birmingham, Ala.

Royal Dutch/Shell Group — Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Smith Douglass Company, Inc. — Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Southern California Business Conditions — Report—Research Department, Security First National Bank, Box 2097, Terminal Annex, Los Angeles 54, Calif.

Tenney Engineering Inc. — Analysis—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Texas Gulf Sulphur Co.—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Universal Oil Products—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Vanadium Corporation of America—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Wagner Electric Corp.—Memorandum—Reinholdt & Gardner, 400 Locust Street, St. Louis 2, Mo.

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

COMING EVENTS

In Investment Field

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 (New York City)
Corporation Bond Traders Club of New York annual outing at the Nassau Country Club, Glen Cove, L. I., 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 19, 1959 (Pittsburgh, Pa.)
Bond Club of Pittsburgh annual Spring Outing at the Longue Vue Club.

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.

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

Aug. 19-20, 1959 (Des Moines, Iowa)
Iowa Investment Bankers Field Day at the Waionda Country Club.

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

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

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

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

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

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

Nov. 29-Dec. 4, 1959 (Bal Harbour, Fla.)
Investment Bankers Association Annual Convention at the Americana Hotel.

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

With Grant, Fontaine

(Special to The Financial Chronicle)

OAKLAND, Cal.—Guy L. Bowe is now affiliated with Grant, Fontaine & Co., 360 Twenty-first St.

Striking Features About Steel Stocks

By DR. IRA U. COBLEIGH

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

Summarizing some of those factors favoring consideration of steel equities for June investment.

While many sections of the stock list have recently gone on dazzling flights from statistical reality, the steel group has adhered to the more traditional approach to share valuation. Price-earnings ratios for steels are still conservative and quite orthodox, and suggest that, for the selective security buyer today, a combing over of leading steel commons may unearth some neglected and possibly undervalued issues. At all events that is the theory behind today's piece—that steels are essentially behind the market.

Ira U. Cobleigh

How, in logic, can you account for the lack of bounce in the steel list in recent weeks? Is it the possibility of a strike? In 1954 and 1956 there were strikes and steels did decline somewhat in advance of same, only to develop solid market strength, even before the strikes had been settled. So, with this recent history in mind, our view is that steels are not dangerously vulnerable now, and, strike or no strike, many companies will wind up the year with record, or close to record, net earnings in 1959. This is probable not only on account of the high level of current operations but because of the vast upgrading in efficiency of steel enterprises in the past decade. Why in 1958, the year of the dip, most steel companies made money on operations running as low as 50 to 55% of capacity, a phenomenon unheard of before the war. And research and development are further improving efficiency. Not only qualitatively, but quantitatively has the steel industry moved into a new order of magnitude. For instance, on Jan. 1, 1947 installed ingot capacity was 91.2 million tons. Eleven years later, however, on Jan. 1, 1958 installed capacity had increased over 54% to 140.7 million tons. Out of this capacity we produced but 85 million tons in 1958. We'll probably hit 112 million this year with a corresponding advance in net earnings.

So on the eve of a probable strike, and despite nasty inferences by Mr. McDonald of the Steelworkers Union, that steel companies are greedy and heartless profiteers, let us remember that steelworkers in the United States are the highest paid in the world; that steel wages are among the highest in all American major industries; and that the basic hourly wage (without reference to any possible increase which may be achieved by present bargaining) is about four times the rate now being paid in West Germany. And German steel is now one of our toughest competitors in world markets.

With this topical reference to the economic pleasantries of the bargaining table, let us now get down to our stint for today, namely, a brisk discussion of the values inherent in certain steel shares at this time.

We'll start off with United States Steel. This great company leads the industry not only in size (28% of the country's steel producing capacity) but in operational efficiency. For example, only U. S. Steel and one other (Inland) were able to earn their common dividends in each of the first two quarters of 1958. A $4 billion postwar plant expansion and modernization program has made it possible for U. S. Steel to achieve a 25% profit margin at an 85% operating rate. The most highly integrated steel company, U. S. Steel produces nearly all of its iron ore and limestone, and over half of its coal requirements. Reserves of coal and ore are fabulous. The cement subsidiary, Universal Atlas Cement Co., accounts for about 12% of total domestic cement production.

There are 53,756,072 common shares of U. S. Steel listed on the New York Stock Exchange, which makes X common one of the most marketable of marketable securities. Even last year Steel common earned $5.13. This year a per share net of between $7.75 and $8 is possible, plus a stock split. (The stock was split 2-for-1 in 1955, and 3-for-1 in 1949.) The present $3 cash dividend is well covered and may be improved. A purchase of X at 95, about 12 times 1959 earnings, could scarcely be labeled foolhardy.

Another resplendent steel equity is Bethlehem Steel. Here again the earnings' outlook is brightened by rising future returns on a huge capital expenditure program. Since the beginning of 1955, Bethlehem has spent over $500 million on plant improvement and additions; and the full benefits of this outlay have yet to be realized. Like U. S. Steel, Bethlehem is fully integrated with extensive reserves of iron ore, coal and limestone. Bethlehem is also a major shipbuilder and repairer, with this division accounting for around 12% of net sales. Even in the poor year, 1958, Bethlehem earned $2.91 per share which more than covered the regular $2.40 dividend. This year, much improved results are expected, possibly $5.60 per share. Bethlehem has been noted for its strong cash position, and relatively small debt structure. There is an issue of about $33 million of 3¼% debentures due 1980, and convertible into common at $36.25 per share. These bonds now sell around 163 and, assuming their full conversion, company debt will be but 8% of capitalization. Matter of fact, further plant expansion if financed by sale of bonds might benefit shareholders by creating greater leverage. As it is, the common at around 52½ appears to be a sturdy and by no means overpriced equity. Dividends have been paid since 1939 and the stock was split 3-for-1 in 1947 and 4-for-1 in 1957. Bethlehem has class, cash and an ascending earning power.

Inland Steel has been characterized by a fine strategic position in the Middle West centering around Chicago, and by low cost plant operations. Inland earned $8.32 per share on the common last year and we would expect results in the $10.75 area this year for the old stock. The stock was split 3-for-1 recently. It now sells around 46 and it would not be surprising if the issue were put on a $2 regular dividend basis some time this year. Earnings would appear to justify such a possibility.

National Steel had a rough time of it last year. There were labor problems and managerial difficulties accompanied by price concessions in many sectors. Per share earnings dipped to $4.80 and the dividend was reduced. Things are looking better at National now. Automobile and metal container manufacturers are National's best customers, and they have been buying buoyantly flat rolled steel this year. National is in a fair way to earn $7.75 a share this year and, if so, increase its common dividend from $3. At 91 demonstrable elements of value are in evidence.

Republic Steel common is held by many leading investment trusts and, if all goes well, should reach new heights of earning power this year. Republic ranks third in production of carbon steel and has been moving rapidly forward in stainless and alloy steels. Against $3.96 last year, Republic could deliver $6.25 to $6.50 per share for 1959—plenty of coverage for the $3 dividend. Republic sells at 74 yielding a shade over 4%.

Among the lesser steels a favorable case may be made for Granite City Steel Company. It showed a remarkable result last year when, for the first six months it operated at 86% of capacity—32 points above the industry average. Plant modernization and expansion are paying off increasingly with earnings per share expected to rise from $4.56 last year to above $6.50 for 1959; and above $8.50 for 1960. Here's a lively company well situated to serve the Mississippi Valley. Stock sells at 60½ with a $2 dividend which could be improved by Autumn.

Other steels with a forward look would include Lone Star Steel specialist in oil well piping, and McLouth for specialty steels. And there are half a dozen more issues we might have touched upon if space permitted.

Now all the rather favorable conjectures about certain steel issues above, are predicated on industrial peace. If there is a bitter and protracted strike, then tear up the script. If good labor-management sense prevails, however, then much of the modified optimism expressed about the steels can be justified by (1) the very substantial upgrading of earning power in the industry since the war; (2) the modest price-earnings ratio prevailing among some quite excellent issues (between 10 and 12 times); (3) the improvement in research and technology; (4) the prospect of higher earnings and dividends; (5) the fact that the most efficient units can now make money on 50% or better operating rates. So long as steel remains our major industrial metal, we can continue to view the steel stock list favorably, especially when you can buy a dollar in earning power for a ten spot.

With Herzfeld & Stern

Herzfeld & Stern, members of the New York Stock Exchange, announced that their uptown New York City office has been moved to 405 Park Ave. from 500 Fifth Ave. and that Al J. Leeds has become associated with the firm as manager of the new office. Organized in 1880, Herzfeld & Stern has its main office at 30 Broad St., New York City, and branch offices in Geneva, Switzerland, and in Philadelphia.

F. H. Sacken Partner

F. H. Sacken & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, On June 1, Frank H. Sacken, Jr. became a limited partner.

Anderson Randolph Branch

POWELL, Wyo. — Anderson, Randolph & Co. has opened a branch office at 228 East 2nd St. under the direction of Marvin Kisor.

Merrill Turben Office

MIDDLETOWN, Ohio—Merrill Turben & Co., Inc. has opened a branch office in the Savings & Loan Building under the management of R. Dale Nash.

L. R. Kahn Pres. of NY Analysts Society

Lawrence R. Kahn, Vice-President-investment research of A. G. Becker & Co., Inc. of New York and Chicago, has been elected President of the New York Society of Security Analysts, the nation's largest Society, it has been announced.

Lawrence R. Kahn

Mr. Kahn, Associate Professor at Pace College, had been Vice-President of the New York Society, and had also previously served as its Secretary, Treasurer and Chairman of the Program Committee, among other positions. A contributor to numerous financial and economical periodicals, he also is a director of the National Federation of Security Analysts Societies.

R. J. Foster Co. Formed in N.Y.C.

Formation of the investment firm of R. James Foster & Co. Inc., dealers in state, municipal and corporate securities, with offices at 26 Broadway, New York, has been announced. R. James Foster is President and Treasurer of the new firm, and Thomas E. Riordan is manager of the Municipal Bond Department.

Spear, Leeds Partner

Spear, Leeds & Kellogg, 111 Broadway, New York City, members of the New York Stock Exchange, on June 4 will admit Lewis B. King to partnership.

A Telephone Man Takes A Look at the Future

By DONALD C. POWER*
Chairman of the Board,
General Telephone & Electronics Corporation, N. Y. City

Mr. Power points out that the "revolution" in the telephone industry, which has permitted the industry to outpace the economy's growth, shows every promise to continue in the days ahead. He predicts a $750 billion GNP by 1970 providing, however, a brake is placed on costs of things and on unnecessary government spending. Indicative of the technological advances made, the utility Chairman finds it a misnomer to continue to refer to telephone companies as such when they are, in effect, *communications* companies, and to the fact that without mechanization there would not be enough females between the ages of 18 and 45 to handle today's switchboards.

Communications: **Is the ability to get the right information to the right place at the right time.** In its broader aspects it involves all human endeavor. Moreover, it has distinct philosophical and psychological overtones, because we learn or we do not learn, depending upon our ability to communicate effectively with one another. And in this age of specialization, our ability to communicate is hampered by the many esoteric languages we use. The languages of science, for instance, were created for the sole purpose of improving communications within a given group, and the rest of us on the outside are stumped . . . at least I am.

Donald C. Power

Then we have the considerations of space and time. The wide dispersion of industry throughout the country and the growing trend toward decentralized management places new demands on communications. And in these increasingly competitive times, the vast volume of business data that constitutes the backbone of management decisions must be moved and acted upon with ever-increasing speed if you want to keep up with the parade.

There have been tremendous strides in communications, and we have many methods of communication available to us, but they certainly do not cover all the bases. Aside from the constant job of finding better ways of doing the things we can do **now**, we must develop entirely **new** ideas and **new** concepts so that we can tackle the bigger and broader requirements of the future. In other words, we must constantly strive to inject some more of that "triple threat" philosophy into communications, and develop greater skill in passing and punting, as well as gaining ground on those running plays. Well, we have been working on that. And we are closer to the solutions than you might suspect.

In order to give you a reasonably clear picture of the progress that has been made, particularly in recent years, I would like to discuss the **technological evolution** — or perhaps I should say "revolution" — of the telephone business.

Research Paced Growth

Actually, this is the story of an industry that has managed to outpace the growth of America without going broke in the process—and accomplished the feat mainly through research. We started, as you know, above ground, then went underground and now, with new transmission techniques, we are coming to the surface again. Eventually, we will go to outer space for certain types of communication, and that is only natural because communications has a horizon that is just about as broad as the universe.

To return to more earthly considerations, however, our most pressing problem has been the necessity for providing more and more telephone service to more and more people without having to reconstruct the subsurface of the nation in the process. Or, to put it another way, the challenge is to dream up a method of building a multi-lane telephone traffic highway in the same space occupied by a two-lane artery.

A partial solution to the problem was achieved through the application of radio techniques to telephone transmission. The system—known as "carrier current"—allows us to place as many as 12 telephone conversations on a single line, without one conversation interfering with another. In effect, this increased the capacity of our physical circuits 12 times.

The same basic techniques are applied to coaxial cable and microwave transmission, with still larger increases in "traffic capacity. General Telephone, for example, recently installed a microwave system at the Vandenberg Air Force Base in California that is capable of carrying 240 telephone conversations on a single radio beam. And systems with greater capacities are possible. One transmission unit in a coaxial cable, for example, will handle nearly 2,000 simultaneous two-way conversations.

The upshot of these developments — and I wish to reiterate that they are all the result of research—virtually guarantees abundant circuit capacity for future growth . . . capacity, I might add, that is far more economical than adding pole lines or ordinary underground cables where service expansion is required.

As a result of these developments, the telephone companies have gained an interesting side advantage. If we were able to derive a great plurality of voice paths by these new transmission media, then it should follow that we could also transmit simple pulses and other forms of information on the same circuits. This, of course, has been done, and it points the way toward some great advances over the next few years.

Today, advanced forms of telephone circuits, such as coaxial and microwave channels, carry radio and television programs, teletype, telemetering signals and similar data. **In fact**, there is every reason to anticipate the day when virtually **all** forms of intelligence will be conveyed, not only from one point to another, but from any point to a multitude of destinations.

Telephone Companies Are a Misnomer

It is this expansion of services that leads **telephone** companies to think of themselves today as **communications** companies. This reorientation, brought by the enormously expanding needs of our economy, means the industry not only will use its facilities for other-than-voice communications, but will also direct its inventive skills toward different kinds of targets.

And this change in attitude can be ascribed to the fruits of research, because research proved to us that the newer collateral forms of communication complement and fall into place in the existing system very readily.

We have philosophy working for us in our 23 research and development laboratories. It is this: Don't worry about end costs and complexities. If you're smart enough to come up with an earth-shaking idea that will work, then you're smart enough to figure out how to cut costs and simplify the thing. And it is surprising how often everything works out that way. In fact, we have one project in just this sort of transitional phase. The device works like a charm, but it demands the use of a large number of special transistors that will conduct in **both** directions rather than one. The best price we see at the moment is $3 each, which is much too expensive. But we have some of the best physicists in the country working on the problem. And when they get the price down to a dollar, we'll be in business.

I mention this point because the device these scientists are developing will be a vital element in the advanced communications systems of the future.

Developments Yet to Come

As I pointed out earlier, the telephone industry made great progress when it turned to radio techniques to improve system capacity. In spite of these advancements, however, we have not altogether solved the basic transmission problems. We need a system with more speed, more versatility and greater convenience. And, to obviate human error, we need a system that will, in effect, allow one machine to "talk" to another. In the case of "machine language," we require facilities that will handle in the neighborhood of 800 words per minute against the present 100 we are now able to transmit. This kind of service may be found in widespread use much sooner than one might think.

There is another important advancement to consider, and that is system "extension," which simply means that we frequently can provide service more economically with radio than with the usual kind of facilities. In some cases, it means providing telephone service to areas which, as a practical matter, otherwise would have to do without it. What this all adds up to is this: few people at any time will be inaccessible, provided, of course, they want to be accessible.

Now let us look at another trend — the adding of one other dimension to the system — and that is **"memory"** . . . the ability of exchange equipment to accept and store information for various lengths of time, and for various reasons. Part of the memory will be used to perform all line-switching functions at high speed —another part will hold the calling number, the number called, keep track of the length of the call, and calculate the toll charges. We expect, in time, that the same system will store the phone numbers you call most often, and put through any one you wish on demand.

Near at hand, we have the means of handling the **transmission of business data**. For instance, the results of a day's operations at a "branch"—such as receipts, accounting information, inventory status, orders, time rolls, etc.—may be recorded on punched cards or tapes during the day, temporarily stored and transmitted over the regular telephone lines in the evening when the toll rates are lower. Tomorrow through the use of higher transmission speeds than used today, it will be possible for an electronic data processing machine or computer to feed its output to the input of a similar computer miles away.

With some knowledge of the tremendous flow of information between headquarters, plants, and warehouses, and the steadily growing need for accurate and up-to-the-minute information at all times, this type of service will provide a priceless new tool for business. Indeed, there are some telephone industry leaders who think it is very likely that telephone toll circuits, in time, will be used as much for data transmission as for voice communications.

As a case in point, Sylvania Electric Products, a subsidiary of General Telephone & Electronics, has a data processing center in upper New York State that is connected by 20,000 miles of leased lines with all of its plants, warehouses, and sales offices throughout the United States. A wide variety of information from facilities all over the country is digested and evaluated by the computer which, in turn, reads out essential data to our headquarters offices and decentralized management.

One interesting recent development which holds particular promise is the use of telephone facilities **within** a community for what is known as "slow-scan video"; in other words, a type of television which has an application in business communications. By this means, for example, banks and their branches will be able to verify signatures very rapidly and thus improve and speed up their service. Also, technical drawings, maps, etc., can be discussed by two persons separated by miles, with the object of discussion in view of both parties. In other words, commercial phone-vision in a preliminary form is here right now.

Use of the coaxial system would open up some other interesting possibilities, such as educational television. This would enable large groups of students to receive closer and more effective instruction, and to profit by new instructional techniques that aren't practical today. This may be an answer to the problem of over-worked teachers and overcrowded classrooms in many communities.

Space Technology

Farther out — though not as far out as you might expect—is something far more interesting. I am referring now to **space technology.**

No doubt you have read that one of our universities bounced a radar signal off the surface of the planet Venus. That is, they sent out a signal and received the echo.

The same technique is being explored as a possibility for world-wide communications—not telephony alone, but also radio, television, facsimile, teletype and da a transmission.

This would be accomplished by placing satellites in stabilized orbits, and use them either as reflectors or relay stations, whichever proves to be the most efficient. In fact, the National Aeronautics and Space Administration has plans to place two such experimental satellites in orbit within the next year.

This, I will admit, sounds like science-fiction. But I am told that the U. S. Navy is using the moon as a communications link between Washington and Hawaii with a high degree of reliability.

Independents in the Telephone Industry

I've referred to many things "we" are doing when we look ahead. Now let me tell you who "we" are. We are the telephone **industry.** The Bell System, ourselves and some 4,000 other independent companies and the five

Continued on page 28

*An address by Mr. Power before the Executives Club of Chicago, Chicago, Ill., May 15, 1959.

The Minutes of the Last Meeting

By E. J. HANLEY*
President, Allegheny Ludlum Steel Corporation
Pittsburgh, Pa.

Not against unionism but definitely against "monopoly unionism," Mr. Hanley suggests the latter must be solved before our economy can confidently take off on the next big cycle of economic growth and progress. Blaming labor's monopoly growth on the nation's laws, the steel head recounts various ways it manifests itself contrary to the public interest — comparing this to rise of business monopolies during the 1880-1904 period. Since business monopoly was forced to submit to public regulation then, Mr. Hanley asks, why not the same treatment for this dangerous institution against the public interest which, he adds, would deal an effective blow at the menace of inflation.

Twelve steel companies are deeply involved in the negotiation of a new labor contract. The negotiations are being carried on in the bright spotlight of publicity, and with advice and admonitions coming in from every side. This, therefore, should be an opportune time to look at where we are, in these United States, so far as unions may concern the public interest, and how we got here. Out of these considerations, it seems to me, may come a suggestion as to future developments.


E. J. Hanley

We really have to go back 26 years properly to appreciate what is happening today. It was in 1933, you will recall, that the National Industrial Recovery Act was adopted. Among its many provisions was the famous Section 7, which made it a matter of national policy for the Federal Government to foster and encourage the growth of labor unions. Through this Act, public attention was focused on what appeared then to be a fundamental national problem, i.e., the then sad state of the individual employee. And to this day, Federal law continues to promote the growth and power of labor unions.

Business in 1933 was in a deplorable state. We had gone through the excesses of the 1920s. Inventories were high and had to be worked off. The economies of most nations were greatly upset. We, ourselves, after a ruinous credit expansion, were attempting to straighten out our financial community. Wages and salaries were being arbitrarily reduced as company after company tried to keep its head above water. The quickest, surest way then to reduce expenses was to cut wages 10 cents per hour—effective the next day.

There was great resistance to the union movement among business and industrial managers of that day. This resistance continued for many years in industry after industry, not excepting steel, I might add. In 1935 came the famous Schechter Case, involving the chicken slaughterer in which NRA was found to be unconstitutional. That ended Section 7—but almost immediately, in that same year, the Wagner Act came into being, continuing—and even increasing—the Federal Government's assistance to labor unions to grow in size, strength, and power.

Labor Exemption

Of course, labor had always been specifically exempted from the anti-trust laws—and why not? Labor, after all, is merely the organization of individuals. Individuals, the theory goes, have to be banded together to give some balance of power when dealing with businesses having so much influence on their destiny. And I don't believe, as of this minute, that anyone in the steel industry would argue with that theoretical objective. At Allegheny Ludlum, we want to deal with a union of our workers. We believe that this is the way in which we can obtain and maintain good relations between management and employees. We work hard at the job and I believe we have had a reasonably successful relationship.

Under the aegis of the Wagner Act, the power of labor unions grew until today we have single unions covering entire industries, and associations of unions covering many industries. True, the Taft-Hartley Act came along, which modified the Wagner Act to a minor degree, but it had no real effect whatever on the growing power of labor unions.

Monopoly Unionism Isn't Unionism

The growth of labor unions in size, power, and influence continued. And we face today a situation which, in many instances, can be described only as Monopoly Unionism, and I hasten to define these words so we will fully understand this term.

The dictionary defines "monopoly" as follows: "Exclusive control of a commodity or service in a particular market."

"Unionism" is defined in the dictionary as "The principle of union, especially trade unionism."

Monopoly Unionism, therefore, is the exclusive privilege of certain individuals and/or organizations to carry on a traffic in the organizing and control of unions of working, or laboring, persons.

That this is truly the situation we find today among the production employees in numerous industries is obvious on its face. Some 99% in the automobile industry are members of the UAW; some 96% of the rubber workers are members of the rubber workers union; some 98.7% of the employees in the steel industry belong to the United Steelworkers Union; some 99.4% of the employees in the printing and publishing industry are members of the unions; and so on.

In addition, inter-union agreements are being threatened which, if consummated and exercised, would enable one or two men to wield ultimately the greatest power that has ever been concentrated in this country.

Actually these unions are monopolies fostered by the Government of the United States. This is so because our laws have been designed to promote their growth. We, the people of the United States, have created this situation deliberately, while forgetting that the power of any monopoly, ultimately tends to abuse. We forgot Lord Acton's admonition, given in 1887, that "Power tends to corrupt; absolute power corrupts absolutely."

Public Is Misinformed

As a matter of fact, the truly serious part of this situation rests in the fact that the public does not realize what has happened. The manifestations of Monopoly Unionism are not immediately obvious. Many of them are of a secondary, or once-removed nature and, even as of now, they have to be sought out if they are to be viewed publicly at all. Therefore, we are inclined to deal only with the symptoms. Furthermore, some 30 years ago labor was the "underdog" and somehow people still retain this image and erroneously believe this still to be the case.

Annual wage increases have become inseparably a part of the general problem of labor union power and, indeed, a part of the machinery through which a strong union makes its gains. It is the way in which one union competes in the labor complex with similar unions in other industries.

Traces Sequence

One of the evidences of the power of Monopoly Unionism has been the imposition of "pattern settlements" by industry-wide unions in recent years. We have numerous examples of such settlements, brought about by "divide-and-conquer" tactics, as in the auto industry; or the industry-wide approach, as in steel, glass, cement, rubber, and other industries. In the industry-wide approach, if the full sequence is followed, it goes something like this:

(1) Demands are proposed by the union—often in public and before they are handed to management—which are designed to "outdo" the demands of the labor leader who achieved the most recent success.

(2) Refusal of management to capitulate to such demands results in a strike.

(3) A national disturbance occurs, its magnitude depending on the size and importance of the industry chosen for the assault. The public in general, and customers and shareholders in particular, become increasingly disturbed as the strike continues. The press, radio, and television keep up a constant drumbeat.

(4) Government intervention occurs at this point. The "public interest," the "national defense," the "international situation," these and other equally high-sounding and important situations are invoked as immediate reasons why an end to the "disastrous" strike should be brought about. The strike, by this time, is said to be "hurting everyone."

(5) Settlement comes — largely giving in to Monopoly Unionism's demands, or taking the form of a "Solomon decision" and "splitting the difference" in some manner between industry's last offer and the union's original demands.

That script is not always acted out to completion. Pressures sometimes have forced settlements at some point before the conclusion of the "last act"—but always with concessions to union power.

Resulting wage increases have forced similar wage increases in related, associated, and neighboring industries. The new wage rates tend to become, of course, a new community wage level and everyone then tries to get into the act. These wage changes increase the costs of materials, of components, of capital goods, which in turn cause further cost pressures in the industry giving the orignal increase. Such cost pressures inevitably force higher prices in industries where the supply-demand situation is such that higher prices can be obtained. The result, of course, is the now familiar "wage-push inflation."

Facts in Steel

In the steel industry, as you know, employment costs have gone up since 1940 some 238%, while steel shipments per man-hour went up only 30%.

Inflation has been a particular hardship to those least able to combat it: pensioners, schoolteachers, clergymen, those older citizens who live upon income from a fixed amount of capital and Government employees. Any of you serving on Governmental bodies realize the problems of raising taxes to meet the increased cost of Government operations brought about by competition for employees with industries in the wage-push category and compounded by the deterioration of the dollar.

There are industries, too, where competition from abroad has prevented price increases—again a matter of supply and demand. One of these is the textile industry, and the textile workers have not had an increase for five years! A peculiarity of wage-push inflation, therefore, is that those who gain most from it are those able to "push" the hardest. At the other extreme of the economic scale are those who cannot push at all. Their real incomes fall because of price increases elsewhere.

It is evident, therefore, that this process of uneven price and income movements is the very essence of the mechanics whereby those unions which hold a strong position of power increase their real incomes. Thus, Monopoly Unionism gains at the expense of the rest of the economic system—and demonstrates again the true nature of monopoly.

The annual wage increase has been virtually institutionalized in many sectors of our economy because of the power of Monopoly Unionism. We have seen it incorporated into contracts extending over several years. This has compounded the effects of wage-push inflation; and "productivity" becomes a word to be used only to justify wages going UP. So-called "escalator clauses" yield additional increases in wages, according to another "principle:" the rising cost of living.

And when both of these fail as an excuse for a wage increase—both "productivity" and "the cost-of-living"—Monopoly Unionism falls back on another, and equally unsound, "principle:" ability to pay. This inevitably brings in the question of corporation profits, which are necessarily volatile and, which have been cut in half as volume drops off, suddenly "double," to the tune of full-page newspaper advertisements!

Economic Consequences

The economic consequences of imposed settlements in labor-management disputes are serious

Continued on page 26

*An address by Mr. Hanley before the 67th Annual Meeting of the American Iron and Steel Institute, New York City, May 28, 1959.

Financing Considerations

By ROBERT V. HORTON*
General Partner, Goldman Sachs Co., New York City

Retail financing specialist offers advice regarding selection and type of financing needed for a new venture. Mr. Horton places great importance on making a careful ascertainment of anticipated after-tax annual rate of return from the project; determining the financing cost in terms of the enterprise as a whole and not the project itself; arranging financing in advance; and distinguishing equity from debt or obligation no matter what other names they may go by.

Growth is necessary just to stand still in this changing world. It is also necessary to attract and retain personnel for conserving and developing further the enterprises. It is even necessary to appeal to the investors now and in the future. Nevertheless, the conflict between growth requirements and money limitations makes care in the selection of new projects all the more important. In this respect, as in others, growth must be sound. The future success attained by enterprises will depend in substantial measure upon the selection of the best projects relative to the cost of capital.

R. V. Horton

The selection among the many projects available is an important field for financial men generally and for controllers in particular. Much of the raw material for such selection is accounting data or data derived from accounts. I think also that some hard-headed financial thinking is essential in this field.

But I would not presume that we deal here with what can be considered purely an accounting problem. Let me illustrate. I do not believe that accounting concepts or accounting data will even provide all the tools necessary for a sound decision in this field. Moreover, the test of a new venture is not the tempting one of what it will do to total net income, nor is it even what it will do to net profit per share of common stock.

The first step in the process which I wish to outline is to determine the profitability of the project itself. I do not plan to detail this work, because I am certainly not an expert in the field. It seems notable, however, that much more consideration has been given to this matter in our manufacturing enterprises—and particularly in our oil companies—than it has in our merchandising enterprises.

The objective of such a study should be to determine how much more will be earned with the project than without it. Note that I define this test in such a way that allowance would be made for the avoidance of future losses as well as for the gaining of future profits.

We believe that such a study is not only essential to sound company policy and sound finance. It will be helpful, too, toward effecting any necessary financing which may be involved.

Now having an annual rate of return, after income taxes, from the project, let us turn to the financing side of the question.

Turns to Financing Problem

First, let me emphasize that financing should be considered relative to the business as a whole and not relative to the particular project involved. It is not right, for example, to say that because a project involves brick and mortar, its financing must be long term. Nor, conversely, is it right to say that just because an expenditure is for additional inventory, short-term loans will suffice.

We believe that estimated future balance sheets and income accounts should be prepared, using various assumptions as to the program itself, as to its timing, and as to general business fluctuations and price level fluctuations. These future financial statements must not ignore, either, the continuing lease obligations, the continuing sales of receivables, and such collateral items as will affect importantly the future financial position.

We are of course in a field here which is based upon guesswork as to future, but there is the virtue that the guesswork is to be done in organized fashion. We believe also that such organized work is essential in order to synthesize the many variables involved as a basis for sound judgment. A review of the data so prepared will suggest the type of financing that is needed—and let me emphasize again, needed for the business as a whole, and not for the project itself nor for any other particular part of the business or its assets.

Crucial Question

Only now does the heart of the problem arise. Only now do we come to the crucial question: Will the project yield a profit or save a loss sufficient to justify the cost of its financing?

Here, too, in order to determine the cost of financing the project, we should look at the enterprise as a whole. Sometimes a project is accepted merely because the needed funds can be borrowed at a low interest rate deductible for taxes. Such thinking does not seem to us complete, because obviously the company's credit is weakened to the extent that it assumes additional debt. On the other hand, if stock financing should now be required, we would think, too, that its cost is equally an irrelevant factor, because it may be only an accident of timing that the particular project leads to stock financing. Besides, such stock financing improves the company's financial position. Stated differently, we would think it wrong to say that a project now to be financed by debt would require only a very low profit potential and that a project now to be financed by common stock would require a very high profit potential.

It seems evident to us that the cost of capital should be figured overall, relative to the company's entire capital setup, perhaps as it exists in fact or perhaps as it might be as a practicable objective, soundly conceived in the light of the company's business.

Overall Capital Costs

The overall capital costs for many businesses today are still high.

These estimates—and they are only possible approximations—are of the required "minimum" earnings annually on the project after taxes—that is they can be compared directly with the project earnings estimated along the lines I have discussed earlier.

I would, however, stress one particular point. I am sure that management would consider 1958 earnings—for cyclical reasons, as well as for other reasons—too low for the purpose, with the result that the cost of capital figures are also too low. The real base should be the future earning power per present common share as the enterprise now stands.

The costs of capital which I have suggested are of course after including the low net costs, after taxes, of sizable amounts of debt financing, or its equivalent.

Somewhere in the work along these lines, either in the estimates of return on the project or of the amount of profit that will be required over and beyond the cost of capital, allowance must be made for whatever risk factors are involved in the project itself. And of course, one should ordinarily aim, too, for an increased profit, perhaps a handsome one, above the bare capital costs one estimates.

Let me call attention to three points particularly. First, one may accept an existing capitalization as sound and right for one's business, or assume a practicable and sound goal capitalization, if the present capitalization leaves something to be desired. Second, I would call attention to the cost factors used—the interest rates for example—should be those at which new securities can presently be marketed, net of expenses. It is immaterial that one might have sold a 3½% bond and still have it outstanding. For any new capital today, you must assume the current market rate. Finally, note that you must use, in calculating the cost of common stock capital, what one would consider the sound future earning power per present share of common stock of the existing enterprise.

Arrange Financing in Advance

Before closing, I would like to make brief reference to some collateral matters. Because of the financial position of many companies today and because of the difficult financial markets which exist, we believe, generally, that financing should be arranged in advance to cover projects as they are committed for. Many times a commitment would arise when a contract, as for construction, is signed, but I would have you note, too, that sometimes an effective commitment arises because of the very large costs that could be involved in the case of a cancellation of the project or a delay in its accomplishment once it is started. And then too, sometimes a commitment can as a practical matter be involved, merely because of a proper desire to preserve the best public relations with customers and with a community.

Now, of course, I could go into detail about various possible forms of financing, but the form of financing to be adopted is largely a matter of investment banking technique applied to a particular situation. In addition, form changes with changing markets and changing investment banking styles. I will therefore confine myself to two general points.

Many have heard about the advantages of investing in the merchandising business rather than investing in real estate. We think that the question of owning versus leasing real estate for the direct requirements of a business is only a question of how best to finance their availability.

Allures of Debt Financing

With the high debt ratios which exist in many industries today, alternatives to direct financing by way of debt are naturally alluring. This is one of the reasons for sale-lease financing and for financing by sales of receivables. I wish merely to make the point here that both of these forms of financing involve obligations to the enterprise using them. Barring receivership, rent is an obligation of the business to pay, just like interest and sinking fund upon direct indebtedness. It is true, of course, that most customers' receivables are self liquidating, but if sales volume, ratio of credit sales, and credit terms hold, each receivable which is liquidated must always be replaced with a new one and be financed.

Like the many other forms of finance, these devices have their uses, just as they have their particular disadvantages. But the points I wish to make are that they are merely forms of financing; that they are debt or obligations as distinct from equity financing; and that their cost, with their other characteristics, should be compared with those for debt of the more usual forms.

May I conclude by expressing the hope that among all of the possible projects open, and the possible forms for their financing, one can, with the counsel of competent investment bankers and competent attorneys, make perfect judgments and prosper from them in the alluring future which is said to face us.

*From a talk by Mr. Horton before the 39th Annual Convention of the Controllers' Congress of the National Retail Merchants Association, Detroit, Mich., May 26, 1959.

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The Security I Like Best

aluminum vehicle, was developed by Twin just last year and has every promise of not only fulfilling military needs but interest has been received from the lumber, forestry and oil exploration industries since this product is capable of year 'round transportation not only on normal types of terrain, but also on those that are impassable to other vehicles. This all-aluminum lightweight job is designed to be airborne, amphibious and fast.

Twin has several other products yet in the development stage that no doubt will encourage new business and greater profits.

Capitalization on Dec. 31, 1958, consisted of just 85,715 shares of a $1.50 ($35 par) cumulative, convertible preferred stock (convertible into 1.49 shares of common) and 519,170 shares of common outstanding, besides the 127,714 shares reserved for the conversion of the preferred stock and 27,153 shares for stock option plans for officers and key personnel.

V-Loan restrictions prohibited the payment of a cash dividend in early 1959, resulting in a 5% stock dividend payable in late May. Management feels certain that loan restrictions will not preclude the payment of cash dividends lated this year. Earnings for the first quarter of 1959 were 70c per share compared with 51c in the same period last year, even though sales in the first three months were $9,369,511 compared with $9,935,695 in 1958.

Twin finances have much improved in the past year. On Dec. 31, 1958, current assets were $13.7 million ($1.3 million in cash) with current liabilities of $8.3 million, a ratio of 1.7 to 1. Net working capital was up about 60% over the previous year.

In summary, Twin Coach appears to be a Company that is now in the hands of a very capable management and has every indication of a successful operation and profit. Past record (except 1958) is almost meaningless, because of changes having eliminated unprofitable subsidiaries. The future of this Company is indeed a very promising picture.

Twin's common stock (symbol TWN) is a good bet on management and know-how and with the stock trading on the New York Stock Exchange around 15, I believe this romantic picture has dollars in it.

The Big Squeeze on Little Steel

By ALWIN F. FRANZ*

President, The Colorado Fuel and Iron Corporation

There is a distinction between smaller steel companies and larger ones, according to Mr. Franz, not only in size but more importantly in the cost-price squeeze. The spokesman for the smaller units makes clear it is characterized by lower profits, less modern plants, inadequate capital and depreciation reserves. Confronted with a political climate that no longer tolerates a price rise and rising costs, these smaller firms are said to face serious difficulties. Compounding this is the problem of foreign competition. The solution, Mr. Franz enjoins, is realistic depreciation allowances, and a twofold attack on costs by modernizing plant and equipment and by keeping operating costs at a reasonable level. Referring to the aid extended steel plants abroad and to flight of private U. S. steel plant investments abroad, the industrialist warns inflation must be curbed and small steel modernized to keep production competitive and profitable.

During the past century, the American steel industry has faced and solved many problems. However, I doubt that any of them were more critical than those we have before us today. They affect not only the steel industry, but also the entire economy, and present a threat to our American standard of living.

Alvin F. Franz

The basic issue underlying these problems is the inflationary trend that has persisted since the close of World War II, despite three recessions. Inflation has brought with it increasing costs, a rapid growth in foreign competition, inadequate depreciation allowances and, in some instances, the overseas migration of American business. These developments are challenging all American steel companies, both large and small. I would like to discuss their impact on the smaller companies.

Rising Costs

In spite of the present high operating rate, and the good financial performance of the steel industry during the first quarter of this year, we are all aware that steel production costs are constantly increasing. This is not a new problem; it has plagued both large and small companies for the past 15 years. However, during that time, no acute crisis was provoked since rising costs were, to a great extent, recouped through higher prices. But, in the past two years, it has become progressively difficult to raise prices in order to compensate for higher costs. For, during this period, we have witnessed the crystallization of a political and economic situation where continued price increases can no longer be counted on to recover rising costs.

Therefore, because of political pressure, it will be much harder for the industry to raise prices high enough to cover any increase in cost that may develop this year. If such a pattern continues, and costs go up again next year, and the year after, getting price relief may well become an impossibility. This is not the statement of an alarmist ,but a fact of political life in the United States.

It therefore seems to me that one of the most pressing problems facing us today is how to keep the companies in the steel industry economically sound in a free enterprise system. With rising costs and little prospect of adequate price relief, the industry, and particularly the smaller steel companies, are faced with serious difficulties.

*An address by Mr. Franz before the 67th American and Iron Steel Institute, New York City, May 28, 1959.

Attack on Costs

The true solution to these issues can be found only in a frontal attack on costs. Costs must be kept in line, if possible, reduced —for, with price limitations, any increase in costs will further squeeze profit margins. This is evident from even a cursory study of steel industry finances and emphasizes the absurdity of the statement that the industry can absorb wage and other cost increases because of so-called "exorbitant profits." Let us examine this statement and look at these so-called "exorbitant profits," particularly the "exorbitant profits" of the smaller steel companies.

Consider the eight steel companies, including The Colorado Fuel and Iron Corporation, whose annual ingot capacity falls in the medium range of about 1½ to 3 million tons; Net earnings for those companies averaged 4.6% of sales in 1957, and only 2.3% of sales in 1958. The average earnings of these eight companies for the five-year period, 1954 through 1958, were only 4.4% of sales.

Thus it can be readily seen—certainly in relation to the smaller steel companies—that the catch phrase, "wages can be absorbed because of exorbitant profits," is a myth. This proposal offers no solution to the problem of rising costs and stable prices. In fact, the management and the stockholders of any steel company must view with concern any suggestion resulting in lower profit margins that would threaten the security of the enterprise.

The attack on costs can be made in two ways: First, by fully modernizing plant and equipment to take advantage of the latest developments in technology, and second, by keeping operating costs at a reasonable level.

Depreciation

The modernization of plant and equipment requires large investments which should come, in great part, from depreciation reserves. These reserves are presently inadequate due to postwar inflation, and a change in the tax laws to remedy this inadequacy is long overdue. The European and Japanese industries were modernized with the generous assistance of our government. The American steel industry should now be helped by amending the tax laws so that a realistic depreciation allowance can be recovered to provide for most of the cost of replacing worn out and obsolete equipment. We certainly should be willing to do for ourselves what we have done for others.

A realistic tax policy should be adopted permitting us to recover the purchasing power of the original investment. This can then be reinvested in modern equipment, and thus help reduce the cost of production. Such a reform in the tax laws does not constitute a subsidy. It merely returns to the investor what is his. I would like to stress most emphatically that the problem of inadequate depreciation is not restricted to the steel industry alone. It affects all American industry.

In recent surveys, the McGraw-Hill Co. made the shocking observation that a large proportion of the industrial plant and equipment in the United States is obsolete. Over $95 billion will have to be spent — and spent soon — to bring our industrial facilities up to the best modern standards. Yet, plans for 1959 call for little more that $30 billion of actual expenditures.

Plant modernization is of paramount importance to the smaller steel companies who must rid themselves of obsolete facilities in order to maintain a competitive position. To modernize, their earnings must be maintained at a level sufficient to supplement inadequate depreciation charges, and, for the present, if costs go up, price relief is imperative to maintain these earnings. In fact, the smaller companies will be in greater need of price relief than the larger ones, for many of them have not had sufficient capital to modernize their plants fully. This is an item congressional committees do not seem to realize. In their attempt to bring pressure on the industry to keep prices down, they direct their attack against those companies who have had the capital to invest in new facilities and who have reaped the rewards of modernization through lower costs. They seem to forget that the smaller steel companies have not modernized to the same degree and so have higher costs which require price increases to cover these costs. Therefore, by keeping the price down when costs go up, the protectors of the small business man have, in reality, been squeezing his profits to an alarming degree.

American Foreign Plants

Another result of the increase in the cost of production is the construction of plants by American companies in foreign countries. These companies, representing a wide variety of manufactured products, have felt it necessary to establish plants abroad to help retain markets and remain competitive. They have apparently concluded that a combination of American productive efficiency and foreign wages provide a solution to at least some of their problems. American-owned overseas manufacturing facilities now total billions of dollars.

An added reason given for the current interest in setting up foreign plants is that our government is being urged to give a better tax rate to domestic corporations who would do most of their business abroad.

Many will present the point of view that any additional advantages given to foreign competition will only accentuate the problem of protecting American jobs, and that any tax reform should first be applied in this country.

Foreign Competition

Foreign competition has become a problem of growing importance during the past two years. In many respects, its remarkable growth can be attributed to rising costs in the United States. This problem should be evaluated with a proper sense of balance, neither exaggerating its impact on the steel industry nor minimizing it. The plain facts are—many foreign firms are well managed, aggressive and now have modern facilities. In a number of cases, their productive efficiency is equal to our own, and represents a serious competitive threat to our steel markets, both at home and abroad.

In 1957, the United States exported 5.2 million tons of steel mill products, and imported 1.1 million tons. But this ratio of almost 5 to 1—in favor of steel mill exports—dropped to less than 2 to 1 in 1958, when exports fell to 2.7 million tons, and imports reached a high of 1.7 million tons. This is significant enough, but more startling is the fact that in July and December, 1958, and again in January and February, 1959, imported tonnage of steel mill products was actually greater than steel tonnage exported.

Because of these developments, we appear to have lost much of our foreign market, and a portion of our domestic market is in jeopardy. For example, the United States exported 721,000 tons of semi-finished steel in 1957. This dropped to 124,000 tons in 1958—a decrease of 83%. Exports of structural shapes decreased from 453,000 tons in 1957 to 292,000 tons in 1958, while exports of plates declined from 604,000 tons to 249,000 over the same period—a drop of 59%. Exports of tinplate, an item in which the United States has long had a preeminent position, fell from 538,000 tons to 244,000 tons—a decrease of 54%.

Let us now have a look at the import side of the picture. In the domestic market we are at a competitive price disadvantage in such products as rods, barbed wire, nails, reinforcing bars, and other items. In 1958, for example, reinforcing bar imports totaled 473,000 tons, or about 200% higher than 1957, and were equal to about 23% of domestic mill shipments in 1958.

Imports, until recently, were principally confined to common steel products, but, within the past year or so, a number of specialty wire products have arrived on the American market in alarming quantities. In 1958, imports of a number of steel products ranged from 30% to over 200% higher than in 1957.

These are facts! In answer to these facts, it has been said that exports and imports represent a relatively small percentage of total shipments in the industry. Yet some companies, and, for the most part they are small companies, have been severely affected. It seems to me, however, there is a factor involved here far more significant than tonnages and percentages. It is simply this—the American steel industry in certain areas is no longer competitive with the rest of the world!

The reason behind this is no mystery. The European and Japanese steel industries were, in great part, destroyed during World War II and have been rebuilt with modern equipment, much of which was financed by the United States. Thus, many of their plants are as good as our modern installations and far better than much of our older equipment. We no longer have the superiority in facilities that for years permitted us to pay higher wages, and still produce cheaper and better steel. Moreover, foreign producers have wage rates ranging from 66% to 86% lower than those paid in the United States, and, because of modern equipment, their productivity is increasing rapidly at our expense. While, in 1957, the American steel industry paid its workers $3.22 per hour, including fringe benefits, the Japanese steel industry paid 46 cents per hour. This low labor cost, coupled with the increased efficiency of new equipment, clearly explains the reasons why a ton of Japanese steel products can be manufactured, shipped across the Pacific Ocean, stored and trans-shipped to American steel producing and market cen-

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The Changing Pattern Of Our Economy

By EDWIN G. NOURSE*
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Vice Chairman, Joint Council of Economic Education
Former Chairman, Council of Economic Advisers
Former President, American Economic Association

Prominent American economist distinguishes the Old Economics from the New Economics in dealing with the issue of private policy-making in our economy and the need for executive expertness and mass economic literacy to make our economy work. Pointing out that the flexible small-unit market mechanism as an automatic regulator is passé, Dr. Nourse refers to today's mutuality of group interest needed to keep price-income mechanism balanced with a reasonable concentration of private economic power used intelligently and responsibly so as to forestall governmental intervention. The author depicts Big Business and Big Labor as the blades of shears with which we cut "the garment of national prosperity"; sees sophisticated private administration and self interest considerate of national rather than group interest; and defends use of "exhortation" or "admonition."

Since I celebrated my 76th birthday recently, I feel that I have been greatly privileged in seeing a new pattern of life unfold in these United States. With my own eyes I have watched the transition of America from a simple horse-and steam-powered technology to the age of jet planes, synthetic chemistry, antibiotic medicine, radio physics, and nuclear fission. Accompanying this physical progress, I have seen hardly less startling economic and social changes. I propose to take a quick look at this changing pattern of our free enterprise economy in what I regard as its most challenging aspect.

Edwin G. Nourse

In doing this I want to make quite explicit one basic assumption from which I start. That assumption is that almost every one who had a college education included a course or courses in the principles of economics. From this training one emerged with certain understandings, values, and prejudices about things economic. Those who "took" economics during the first quarter of this century got what might not unfairly be called "the Old Economics." Those who have developed economic thinking from the formal teachings and the business experience and the public discussion that most have been exposed to since the middle 1920s have seen the birth and growth of a different attitude and different methods of thinking about economic life and business behavior. The shock of a world war, dismay at a depression that wouldn't go away, the real strains and the amazing productivity release of a second world war gave a fresh start to economics conceived as human engineering based on scientific method. Professionals and laymen, working together, built the New Economics.

The basic and blessed difference between the Old Economics and the New Economics can be very simply stated. From Adam Smith's theory of *laissez faire* through Alfred Marshall's school of equilibrium analysts, in spite of many variants and much methodological progress, economics was predominantly description and apologetics. The central purpose was to get a complete and accurate picture of the economic process and to generalize from these data the economic laws which held this economic cosmos together and made it tick.

Two morals were deduced from the Old Economics: (1) to be resigned to the kind of a deal you the individual or we the people get from this system, or (2) that the smart boys could adapt their operations to this irresistible process in such ways that they would not beat their brains out against the inevitable, but might even scalp some nice profits for themselves by outsmarting those who didn't quite "savvy" how the system worked.

Now the essential difference in the New Economics is that it does not look at the economic system as something to be accepted from on high with a natural succession of prosperity and depression or an economic caste system that embraces both an immune class of "the filthy rich" and an irredeemable class of "the stinkin' poor." It is a constructive, optimistic, valiant, and, to use a word from President Eisenhower's description, a "humane system." The New Economics is concerned with those large units of business organization that are needed to operate our modern technology efficiently. It is concerned with those elite groups who are needed to guide the affairs of the large aggregations of Big Business (including big banking) and of Big Labor. The New Economics is greatly concerned about the business policies of these administrators of the private economy and of how their policies are arrived at and how they are implemented.

The point of all this New Economics is to develop a rationale of voluntary group action that will promote operative efficiency, with suitable rewards and incentives to the several contributors to national productivity, so that the several parts of the national economic machine may mesh together to achieve vigorous national growth and stability. Through broadly educated management and wise policy-making under the New Economics, the United States and the Free World are out to prove that free enterprise, with reasonable concentrations of private economic power, and with intelligently responsible use of that power, we can accomplish optimum results for the whole people, not automatically by the Invisible Hand of the Old Economics, but by sophisticated private administration, guided by the New Economics. Of course, government has a complementary role to play, but it should be the purpose and the achievement of private business policy and administration to make the sphere of public action as small as possible because private action comes as close as possible to doing its full job.

Managed Currency

Our graduation from the "little red schoolhouse" economics of small business into the High School of systematic administration of our economy in this century began with the coming of a managed currency. I start my analysis here because this development has both historic priority and basic economic significance.

In the nineteenth century, by turning back the tides of "greenbackism" and rejecting "free silver," we won a considerable victory over forces that would undermine the power of money to serve the needs of commerce. The Gold Standard Act of 1900 gave us "sound money" but at the expense of rigidity, as the money panic of 1907 clearly showed. Passage of the Federal Reserve Act in 1913 changed our money pattern to one of "elastic currency," and that is the pattern we are still living with and trying to practice in a way that will permit and indeed conduce to maximum national growth with needful price stability.

Now when we start to live with a managed currency system, we start to live dangerously—just as we did when we put automobiles on the road and airplanes in the sky. In the latter case we needed clearer principles of traffic control and well-trained and socially responsible drivers and pilots. With the new money system, we need principles of control and responsible as well as economically competent bankers and businessmen.

Personally, I believe that the system of private-enterprise local banks, most of which hold voluntary membership in twelve regional Reserve Banks federated under a national Board of Governors, is a soundly, even brilliantly, conceived answer to the problem of providing modern America with the elasticity and safety needed in our commercial banking system. From the grass roots understanding that thousands of local bankers have about community needs and individual credit-worthiness, the regional banks are given a detailed but comprehensive picture of sectional economic conditions, which is supplemented by the continuing studies of their professional staffs. Their findings and recommendations are reviewed by the regional banks' board of directors, composed of representatives of business and the public, as well as bankers. This same almost scientific apparatus of policy-making is repeated on a larger scale in the national Board of Governors, with its staff and advisory committees from the regional Reserve Banks.

While the lately won independence of the Fed from the Treasury is highly important, no less important is the voluntary conference procedure between the two agencies to arrive at the soundest compromise procedure at times when legitimate goals of the two agencies conflict. So too, the jealous oversight of the Congress serves a sort of check-and-balance purpose, even though it permits political pressure at times to override economic statesmanship.

This brings us to a point of view with reference to our changed pattern of economic life which I shall be emphasizing throughout my paper. This is the importance of conscious policy—not just "doing what comes naturally" — if any large-scale business or economic apparatus is to be managed sufficiently. Furthermore, such policy must be grounded not only in competent understanding of the techniques of business or finance, but also must be broadly oriented toward the national welfare, not merely to nineteenth-century standards of individual or company profit-making. Finally, these segmental policies need to be coordinated one with another if we are to have an integrated and internally consistent pattern of economic life in a free economy.

I have already referred to the fact that the Fed is—as it should be—"independent" of the Treasury. But it cannot be—and is not—indifferent to the Treasury's hard problems of budget adjustment and debt management. Beyond this, monetary policy needs to be skillfully tailored to ever-changing business situations to promote both financial stability and high sustained use of national resources — the goals enunciated in the Employment Act. Such a coordinating role as was implied for the Council of Economic Advisers in the original Act has been further spelled out in the interdepartmental Advisory Board on Economic Growth and Stability formalized by President Eisenhower in Reorganization Plan Number 9 under the Hoover Committee Report.

Others besides Eliot Bell have argued that we need a much more close-knit policy-coordinating body which he calls a National Economic Council. Others besides Randolph Burgess have responded that such a body would not bring any new wisdom or deeper sense of responsibility to bear on this complex problem than we now have, but would lessen the flexibility of action and check-and-balance autonomy so characteristic of American methods, and would lead to monolithic bureaucracy. Neither faction, however, questions the need for top-level policy-making on a highly intellectual plane in the managed money system that is a fundamental part of the changed pattern of our economy.

Business and Labor Administrators

Obviously the problems of capital management and labor management present many differences from the problem of money management. But they present also a basic similarity and a challenge to corporation top executives and union officials to consider their administrative responsibilities in equally broad and economically sophisticated terms. This is a steel age, a petroleum age, an electric age, an automotive age, and a chemical age. There will be constant realignments among these groups, and their constituent companies, as they attempt to adjust to or take the lead in technological development and consumer preference. But from the point of view of the New Economics, corporation executives as a whole are the trustees for the capital function in our enterprise economy. It is their policies and practices that determine the vigor and direction of capital formation, investment direction, and conservation.

If time permitted, I could draw a glowing picture of the way in which the petroleum industry has foreseen the needs of our industrial and private-consumer society and poured billions of dollars into technological research and geographical exploration to see that means of meeting those needs were developed at least one jump and often several jumps ahead of their actual emergence. A history no less admirable has been written by the steel industry as it kept a watchful eye on the prospective exhaustion of old sources of ore and hunted out new sources at home or abroad and built the railroads, port facilities, steamships, and beneficiation works needed to bring them into economical use. So too of chemicals, light metals, and others.

But this is only part of the story of the role of capitalist management in our unfolding enterprise system. Capital must not become a golden calf to be worshipped for itself, and sacrifices and burnt offerings made to it by the people. It is simply one blade of the shears with which we cut the garment of national prosperity. The other blade is the consumption function, whose most articulate spokesman is Big Labor.

Here lies the epic struggle of our day, and the New Economics has its work cut out for it in devising principles and making them effective in practice, whereby the ultimate mutuality of interest of capitalist producer and laborist consumer shall be kept in balance through a price-income mechanism which is not regulated automatically by a flexible small-unit market mechanism but which, preceiving the necessary limitations set by supply and demand conditions, tailors them wisely to each other through the exercise of managerial judgment, guided by objective analysis and revised in the light of measured results.

There is a striking parallelism between the Foreign Ministers Conference being held in Geneva and the Summit meeting now going on in New York between a four-man team of the steel industry and four top representatives of the United Steel Workers. If East and West fail to find any way of reconciling two rigid and conflicting ideologies, we are in for the continuance of a wasteful arms race. If an irresistible force of union dogma meets an immovable body of managerial "prerogative" we are in for a renewed and perhaps aggravated race of cost-push inflation.

What I have read—or written—in the book of the New Economics points clearly to conces-

*An address by Dr. Nourse before the New Jersey Bankers Association, Atlantic City, N. J., May 22, 1959.

sions on both sides that would proclaim a new leadership of both management and labor toward solving market problems and thus avoiding the threat of government intervention and reducing the area of fiscal and monetary policy to their normal role.

Economic Sophistication

It is encouraging that, with the growing prominence of large-scale organizational units and the wider impact of managerial decisions, there has been also a rising level of respect for principle as a guide to policy and more general study of economics as a preparation for business as a calling; more use of economic staffs and research as aids to decision-making. This staff work on economic data and economic theories pertinent to the corporation's or the union's policy problem is somewhat biased in both the management and the labor camp, and is still further debased by considerations of external power and internal politics when it comes before the top executive decision-maker. But I think no informed person could doubt that in somewhat the same way that plant operation today relies on science and skilled engineering, business management is constantly weaving strands of economic principal and social responsibility into our pattern of business life.

Important as all this is for those elite groups in management, labor, finance, and government, it is true that no stream can rise higher than its source, and slow but important gains in the battle against economic illiteracy of the mass of spenders, savers, and voters are being made. I am not so naive as to suppose — or to desire for that matter—that self-interest should cease to be a great motivating force or even the dominant motive in the actions of "the economic man." But I believe the changing pattern of American life shows signs that mass attitudes and actions can be brought to reflect more adequate breadth of view as to national rather than group interest and a longer time perspective.

One final word should be said on the matter of intellectualism as an approach to widespread and sustained prosperity under the New Economics. This concerns the much resented and much ridiculed activity referred to as "exhortation" or "admonition." No amount of pre-service training for businessmen, bankers, labor leaders, and union members, or citizens in general will provide all the answers needed for economic problems as they keep emerging in our fast-changing economy. New situations need to be expounded by those who are better informed and warnings given by those who are in a position to see danger before it strikes. It is a constant marvel to me that business figures who are spending much time and company money in warning the public of the dangers of inflation or the need for savings, or the need for higher productivity are so outraged when public officials, from the President down, or economists of professional prestige venture to discuss the same subjects and recommend courses of action which are based on a broad view and deep study. Discussion of the public interest *vis-a-vis* private interests is caricatured as admonitions to be "good" or "altruistic" or as "sacrificing" legitimate interests, or as appeals to "conscience" where ruthlessness, or selfishness, or badness is not only to be expected but applauded. In my book, admonition is an essential ingredient of a free enterprise system and is not an appeal to non-economic goals or procedures, but an educational approach to national prosperity, based on harmonious or consistent adjustment of all its working parts.

* * *

It is clear that any full discussion of the changing pattern of our economy would include also the remarkable growth of population and its age distribution; geographical shifts; new spending saving, and taxing patterns; and evolving concepts and practices of social security. But I have limited myself to the issue of private policy-making in a large-unit economy and of the executive expertize and rank and file economic literacy needed to make this kind of economy work. I did this, as I said in my opening paragraph, because I believe this is the phase of change that presents greatest challenge to professional groups such as those in banking, management, labor and government.

Victor Dykes Joins Booke & Co. on Coast

BEVERLY HILLS, Calif.—Victor Dykes, formerly Vice-President and Director of Value Line Fund Distributors in San Francisco, has been named Vice-President of Booke & Co., 400 South Beverly Drive, financial and stockholder relations counsel, of Beverly Hills, Denver and New York.

Victor Dykes

Mr. Dykes, a native of New York, in 1928 joined the investment banking firm of Spencer Trask & Co., Boston. Subsequently, for 16 years, he was a partner in the investment management company of Cromwell & Cabot, Boston.

In 1949, Mr. Dykes became a founder and chief executive officer of Texas Fund. He was elected President of Texas International Sulphur Co. of Houston in 1953, a position he held until moving to San Francisco in 1955.

Benjamin Lewis Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—John P. Giangiorgi is now affiliated with Benjamin Lewis & Co., 135 South La Salle Street.

With Wm. H. Tegtmeyer

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Donald R. Craig is now connected with Wm. H. Tegtmeyer & Co., 39 South La Salle Street.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Thomas H. Lameier is now affiliated with Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Dixie Terminal Building.

With Eastern Investment

(Special to THE FINANCIAL CHRONICLE)

NORTH READING, Mass.—Walter J. Zawacki is now with Eastern Investment Corporation, 213 Main Street. He was formerly with John G. Sessler & Co.

F. P. Ristine Adds

PHILADELPHIA, Pa. — F. P. Ristine & Co., 123 South Broad Street, members of the New York Stock Exchange and other leading exchanges, announce that Reed A. Morgan, Jr. has become associated with them as a registered representative.

Now With Clayton

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Donald L. Kelsey has become associated with Clayton Securities Corp., 443 Congress St. He was formerly with W. E. Hutton & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

The dread disease, cancer, is no respector of persons as Washington has come to learn. The death toll among senators and others in high places is pronounced. First, going back several years there was Senator Wherry of Nebraska, one of the most aggressive Republican senators of his time. His successor to the Senate from Nebraska, also fell to the disease. The almost sudden death of Bob Taft was one of the tragedies of the times and undoubtedly had an effect upon the course of history. Just before him Brien McMahon, of Connecticut, one of the most prominent of young senators died.

Carlisle Bargeron

Senator Arthur Vandenberg who had so much to do with the creation of the United Nations was lost to cancer and also was Hoyt Vandenberg, distant relative and brilliant air force chief of staff.

Enrico Fermi, atomic scientist, died of stomach cancer, as did John von Neumann, the famous mathematician, although where it attacked him was unspecified.

General Lee Chennault, commander of the Flying Tigers in World War II, was lost to cancer, as was Dr. Francisco Duran-Reynals, a cancer scientist.

John Foster Dulles was the latest tragedy, dying at the height of his power. He was the subject of a scathing attack by the Democratic Advisory Council just before he was stricken. Among other things they claimed wrong with our foreign policy was the statement that he ran away from our allies, deserted them, at the time of the Suez Canal attack by Britain, France and Israel. It is a fact that he not only deserted them but persuaded them to withdraw from the attack.

It was against his policy, all disputes should be settled by the United Nations—that was the policy of this government.

That he may have been eminently right is a story told by Prime Minister Erlander of Sweden about his visit with Marshal Tito in Yugoslavia in June of 1957, a few months after the Suez affair.

At that meeting Tito told Mr. Erlander that in his judgment Nikita Khrushchev really believed when the Hungarian revolt occurred that the uprising had been instigated by the West as the prelude to an attack upon the Soviet Union. Khrushchev was preparing for some sort of Western assault, and what changed his mind was the American stand in the United Nations opposing the British-French-Israel course at Suez. This in turn may have forestalled some sort of Soviet preventive action.

If this judgment is accurate, it means that Mr. Dulles' difficult course of checking this country's closest allies in the United Nations also helped to avert World War III.

Every time there is a cancer death of a prominent person, the agitation is renewed in Congress to increase appropriations for funds for cancer research.

Taft always opposed these increases and the proponents of increased funds now say that had he thrown his influence behind them he would probably be alive today.

Nonsense. There is no evidence that lack of funds for research into causes and cure of cancer is the reason that more progress has not been made. Millions and millions of dollars are spent every year. Private donations run into millions in addition to what the government puts up. I know of one man who because of a cancer death in the family gives $1 million every year. You can multiply that by any number of similar donations. Research is going along all over the world. It isn't a case of shortage of money.

Senator Neuberger of Oregon, who had a cancer attack several months ago but in whom it is apparently arrested, is one of the foremost advocates of more Federal funds. Because Mr. Eisenhower doesn't take the strings off the Federal purse, he is considered hardboiled and callous to the seriousness of the disease. Nobody denies its seriousness but more money isn't the answer. Some day, in some way perhaps, a little known scientist who has been experimenting all by himself will come up with the answer and humanity will be as grateful as to him as it is to Dr. Salk who found the answer to polio.

Keller Bros. Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Walter J. Pioren has joined the staff of Keller Brothers Securities Co., Inc., Zero Court Street.

Joins Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard S. MacGregor has been added to the staff of Paine, Webber, Jackson & Curtis, 209 South La Salle Street.

With Estate Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Verlyn J. Kane and Carl W. Neihart have become associated with Estate Securities Corp., 1600 Ogden Street. Mr. Kane was formerly with Allen Investment Co. and Mountain States Securities Corporation.

Securities Salesman's Corner

By JOHN DUTTON

Account Control

Most of the mistakes and misunderstandings that arise between people are due to the fact that there has never been a proper clarification and understanding before decisions are made. Many salesmen and customer's representatives could save themselves a great deal of wear and tear on their nervous system, extra demands that are made upon their time, and much needless work for their clerical and accounting staff if they would sit down with some of their customers and explain why certain rules must be followed in the purchase and sale of securities.

Some salesmen are so busy asking for special favors for certain of their accounts that you would think they would end up on the bread line if they lost one of these perpetual privilege seekers. They should change their entire attitude toward their business. Weakness in handling customer accounts can be symptomatic of an entirely negative approach, not only to clientele building, but in relationship to the entire field of account management as well. Unless your customers realize that you can only work with them advantageously if they follow the rules and appreciate the value of your own time as well, you are better off without those who will cooperate.

Explain Why Rules Are Important

In handling cash accounts there is no reason why any customer should expect you to constantly ask your cashier's department for time extensions. There is a specified settlement day for delivery and payment of securities. No firm can run its business properly if it is constantly called upon to write extension letters, make checks payable for securities sold before settlement date, and continuously change transfer instructions after orders are placed. It is definitely the salesman's job to inform his customers that the rules under which this business operates are for the protection of everyone, the customer as well as the broker. It has taken many years to establish a code of procedure that is uniform and practical, and there is no justification for anyone who thinks they have some sort of special privilege that entitles them to the right of changing these rules for their particular benefit.

There are people who sell stocks a few days before the x-date and the salesman does not inform them of this. This is a mistake on the part of the salesman. It is good policy to check the x-date before securities are sold. Some customers wish to sell after the x-date and unless this is clarified there is sometimes a misunderstanding. But if the customer does receive a dividend to which he is not entitled he should know that he must return it to the purchaser. Arguments and confusion in such cases can be avoided by checking the situation and clearly making the facts known to the customer.

After You I Come First

Most people are reasonable and they do not expect that a busy salesman or customer's representative drop everything he is doing and sit down with them and have a long chat about a hundred and one unrelated items to the exclusion of all else. The other morning I was in a sales meeting and I received a call from a new customer which I was told was very urgent. I excused myself and went to my desk and answered the call. This man had been referred by a good account and I had executed an order for him over the telephone. I told him I was in a meeting and my secretary had told me that he had insisted that his call was important so I had left the meeting to answer him. Do you think that made any impression on him? It certainly did not. He went into a long speech about a trip he was taking, that he would not be back for several weeks, the state of his liver, and what did I think of the market?

Finally, when I could get a word in, I asked him why he called me and he finally came around to the point that he wanted to have the securities we purchased for him placed in safekeeping if they returned from transfer before he came back from his trip. Without being impolite, I told him that all he should do in the future was to write out these instructions, put them in the mail with his check and it would be done. I finally got off the phone and this interruption upset a whole meeting, took the time of another ten men who were waiting for me, and caused me extra work which was unnecessary.

I contacted my friend who had sent this man to me and he verified my original impression. He said: "Don't let that fellow impose on your time. In a way I regretted that I sent him to you, he's liable to be more trouble than his business is worth."

There are some people who have no consideration for anyone but themselves. They are so self-centered that you can't change them by suggestion or example. I don't infer here that you should not be considerate, polite, and cooperative with your customers, but there are people who will literally run you ragged if you let them. These are the ones you should either make walk the chalk line or go somewhere else.

A good salesman needs a cooperative customer if he is going to properly service his account. He can't be making new rules and regulations, nor can he operate a 'coffee-clatch" in the midst of a busy day and still do his job properly. Good customers know this, others can learn it, those who won't you don't need.

Chamber Elects Three To Finance Committee

The New York Chamber of Commerce today announced the election to its Committee on Finance and Currency of Hoyt Ammidon, President of the United States Trust Company of New York; G. F. Mosher, President of General Electric Credit Corporation; and Hans A. Widenmann, partner of Carl M. Loeb, Rhoades and Co.

Roy L. Reierson

Roy L. Reierson, Vice-President of Bankers Trust Company, was reelected Chairman of the Committee.

NY Cotton Exchange Elects Officers

William K. Love, Jr., of Anderson Clayton & Fleming, was re-elected President of the New York Cotton Exchange at the annual election. Re-elected Vice-President is Tinney C. Figgatt of New York City. John M. Williams of Royce & Co. was re-elected Treasurer. Those elected to the Board of Managers are: Harry B. Anderson of Merrill Lynch, Pierce, Fenner & Smith Inc.; Edward C. Angelery of Cottonia Co.; Alfred Boedtker of Volkart Brothers Co.; Joseph J. Gollatz of New York City; Fred W. Perutz of Schwabach & Co.; A. C. Purkiss of Walston & Co., Inc.; William Reid of Bache & Co.; James E. Robison of Indian Head Mills, Inc.; Malcolm J. Rogers of New York City; J. Raymond Stuart of E. F. Hutton & Co.; Robert K. Vincent of The Kendall Co.; Alden H. Vose, Jr. of Kohlmeyer & Co.; G. Clarke Watson of New York City; Albert M. Weis of Irving Weis & Co., and J. Antonio Zalduondo of Orvis Brothers & Co.

With the exception of Messrs. Gollatz, Purkiss, Reid, and Watson, all of the others were members of the retiring Board who were re-elected.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William W. Buller has been added to the staff of Walston & Co., Inc., 818 Seventeenth Street.

With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Harold E. Bachtold has been added to the staff of Dean Witter & Co., 924 J Street.

With Kentucky Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — John W. Allen is now with The Kentucky Company, 320 South Fifth Street, members of the Midwest Stock Exchange.

Chas. A. Day Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Arnold W. Englund has been added to the staff of Chas. A. Day & Co., Inc., Washington at Court St., members of the Boston Stock Exchange.

Railroad Securities

I C C Recommends Measures to Cut Passenger Losses

The Interstate Commerce Commission, after some three years of study, issued a voluminous report recommending a number of steps to cut down losses from passenger train operation and also means by which this traffic could be increased. The Commission also called for tax relief on a local, state and Federal basis.

Among the specific recommendations were:

Repeal of the Federal excise tax of 10% on passenger fares;

Revision of Federal tax laws so that any local and state tax relief given the railroads will not be subject to Federal income tax;

Reduction of state and local tax burden on railroad properties;

Larger patronage of railroad services by the Defense Department, Post Office Department and other Federal agencies;

Elimination of duplication of passenger trains, terminals and facilities where possible;

Experimentation with new types of coaches, sleeping cars, dining cars and other facilities;

Greater efforts on the part of railroad management to stimulate railroad passenger traffic; and

Fare studies by the roads to provide greater elasticity of prices and also exploration of new means of stimulating additional patronage by high quality advertising and promotion.

The Commission in its report also rejected the theory advanced by one of its examiners that if railroad passenger service continued to decline, parlor car and sleeping car service would disappear by 1965 and coach service by 1970. The Commission stated "railroad travel is, and for the foreseeable future will be an integral part of our national transportation system, and essential for the nation's well being and defense."

The Commission did not attempt to fix the blame for the carriers' losses on passenger business which amounted to $610,000,000 in 1958 and $723,483,000 in 1957. The Commission said, "the causes are many and complex — no single one more culpable than any of the rest."

What was of particular interest to railroad officials in view of the impending rail-labor negotiations was the strongly worded recommendation urging a study of terms of labor contracts and equitable treatment of the railroads with other modes of travel. In the latter phase, the Commission observed, "the impetus given motor and air travel by Federal, state and local government promotional programs has unquestionably operated to the disadvantage of railroad passenger service.

"Yet, there is little evidence of any comparable government effort to promote the public interest in railroad passenger service or to prevent or take into account competitive inequalities that may be induced by such promotion programs."

The Commission pointed out that the costs of providing railroad passenger service has increased sharply since the end of World War II and said it was obvious that a reduction of labor force was a major target in any attempt at substantial lowering of operating costs.

It is interesting to note that many of the railroads, more recently in the East and Southeast have taken steps to attract more passengers. The roads are seeking to eliminate short-haul and branch line traffic where possible in favor of the more profitable long-haul business. Fares have been reduced in some cases to attract more business and new equipment has been placed in service. The Baltimore & Ohio recently placed in service three new "Slumbercoaches" and are operating them at less than first class fares, plus Pullman charges, between Baltimore-Washington, Cincinnati and St. Louis and between Baltimore-Washington and Chicago and reports are that they are running at almost 90% of capacity.

Further moves in the East in fare cuts and new equipment are expected in this renewed drive for more passengers. Of course, the commutation problem still remains as one of the major questions to be solved and most rail officials believe that action by state and local authorities is necessary before this service can be brought to a break-even point. The main relief would be from local taxes.

$10 Million Issue of Memphis, Tenn. Bonds Offered to Investors

The First National City Bank of New York, Harris Trust and Savings Bank, Chemical Corn Exchange Bank and The Chase Manhattan Bank are joint managers of an underwriting syndicate which was awarded June 3 an issue of $10,000,000 City of Memphis, Tenn., general improvement bonds, due Oct. 1, 1960 to 1989, inclusive. The group submitted a bid of 100.1246 for a combination of 5s, 3½s, 3.70s and 1s, representing a net interest cost of 3.5129% to the city.

On reoffering to the public, the bonds are scaled to yield from 2.30% to 4.20%, according to maturity.

Other members of the offering syndicate include:

Equitable Securities Corp.; C. J. Devine & Co.; R. W. Pressprich & Co.; J. C. Bradford & Co.; The First National Bank of Oregon; Seattle-First National Bank; Union Planters National Bank, Memphis, Tenn.; A. G. Becker & Co. Inc.; Braun, Bosworth & Co. Inc.; Wood, Struthers & Co.;

Dean Witter & Co.; Roosevelt & Cross Inc.; The Marine Trust Co. of Western New York; American Securities Corp.; Fahnestock & Co.; Baxter & Co.; Andrews & Wells, Inc.; Robert Winthrop & Co.; Third National Bank in Nashville; Julien Collins & Co.; Wachovia Bank & Trust Co.; Bacon, Whipple & Co.; Mercantile-Safe Deposit and Trust Co.; Robert W. Baird & Co. Inc.

With Herbert B. White

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill.—Herbert C. White has become associated with Herbert B. White and company, Commercial National Bank Building.

B. C. Ziegler Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Walter O. Salmon is now connected with B. C. Ziegler and Company, 39 South La Salle Street.

Joins J. P. Arms

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Milton F. Christensen has joined the staff of J. P. Arms, Incorporated, Pillsbury Building.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks ran an uncertain course this week with considerable profit-taking to be absorbed, chiefly in the electronics, chemicals and drugs, following the new, historic peak the industrial average reached to close out last week. The peak was a solo performance that failed to inspire either the rails or utilities to better action and consequently brought renewed caution.

Uncertain Specialties

Raytheon was rather obvious by an appearance on the list of new lows again. Zenith was upset at times but that didn't stop it from guaranteeing an early appearance on this week's list of new highs. Motorola also had some rough times, but was still able to hold around half a hundred points above its year's low.

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In the chemicals Union Carbide was given at times to toying with its year's peak but without being able to mount a convincing breakthrough, which also stimulated a bit of profit-taking when the general market was easy. That also was the pattern in Allied Chemical.

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The drug stalwart was American Home Products which was able to put in a couple of appearances at new highs together, one on a day when the market was set back as harshly as it has been in a month.

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Metals were quiet, including the steels that swayed with the overall market seemingly unperturbed by the stalemate still existing in union negotiations. The bright spot in the nonferrous group was Kaiser Aluminum which, like American Home Products, shrugged off a period of rough going for the general list by working to a new high.

Oils and Motors Sag

Utilities sagged without much fanfare and oils and rails continued more neglected than depressed, holding their ground with fair success but contributing nothing of interest to the various sessions.

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Motors were undistinguished for the most, although Chrysler was a bit easy when it reported May output had fallen a bit sharply below that of April although still maintaining a comfortable lead over the comparable month last year. Chrysler in recent years has been the boom-bust item in the group, bouncing from red ink one year to stunning profits the next, and back into the ditch the next. This had been counted on as one of Chrysler's better years by some circles.

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Ford was the sturdy item and it posted a new high since the firm "went public" in 1956. It has forged decisively over even the momentary peak reached in counter market dealings when the shares were being distributed. The demand for the shares was such at that time that trades were made above 70 in the counter market while the underwriters were alloting the shares at 64½. This is the first it has been back in the 70 bracket since.

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International Business Machines was reactionary for the most this week after the shares had been a sensation recently. These shares, split recently, have been around for only about a month but have succeeded in carving out a swing of more than 100 points from the low to the high which is good even for a high-priced issue.

Oils in Rut

The oils, despite much favorable attention to their depressed values against some high-flyers that have been in the market spotlight, seem incapable of getting out of the rut in which they have languished for so long. And even some of the outfits associated with the oil industry have had troubles, notably Universal Oil products which has been a disappointment since its public sale. Even putting it on an indicated 50-cent annual dividend basis was no help since that, if not boosted, would mean a 2% yield on the offering price.

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Being a supplier to the oil industry, Universal Oil is still laboring with a low level of contracts. The oil industry cut back rather sharply last year when the recession took hold and Universal is still reflecting these cutbacks. But with larger capital expenditures planned by the oil companies, Universal's picture isn't black for the long run. Once the selling by disappointed initial holders subsides, orders pick up and profits reflect it, Universal at around 17-times earnings is definitely laggard against other issues with far higher ratios and, as a matter of fact, even under the 22-times ratio of the industrial average. Being well depressed, it is an issue where the chances for upside profit are far better than of any more downside losses. At the very least it is a reasonably priced item.

New Blue Chip

The limelight was taken over to a degree by a new face with the latest reshuffling of the components of the industrial average. That placed Swift & Co. among the "blue chips" of American industry, to some of its followers. That might be too strong a statement, although Swift is the most consistently profitable company in the meat packing lineup.

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Swift more than the others has been able to iron out the troubles of low profit margins, fluctuating supplies, high expenses and static sales. Swift has been working hard on its profit margin, decentralizing (it recently closed its Chicago slaughtering plant) and because of its success is even something of a candidate for a slight improvement in its dividend this year. The company had paid $3 until a few years ago when the rate was trimmed to $1.60. The stock, as one result, is available at a dozen points under its 1955 high. Its yield around 4% is distinctly above average, especially for a well-managed and basic part of an industry that seems destined for almost certain improvement.

Dairy Group Neglected

Another basic industry that isn't too widely appreciated is the dairy business. When Foremost was busy expanding in the favorite pattern of dairy companies — acquiring small, local companies to expand sales and earnings — it was something of a market wonder. But the ardor chilled when the anti-trust authorities started to eye the practice. Foremost as a result is one of the higher-yielding in the group, its return nudging the 5% level and its range for all of the year so far has yet to stretch to two full points.

* * *

While rails have been ignored, some of the companies that depend on trucks have done far better, notably Ryder System which has about tripled in a year. But, as the annual meeting was told, that isn't necessarily the end of it. Despite the recession, the shareholders were apprised, the company reported its best year in 1958 and this year had its "best first quarter and we face our best prospects." It resulted in a boost in the dividend and a plan to split the shares and then list them on the New York Stock Exchange. It has had fast growth to where it is now the second largest truck leasing operation and the largest carrier in the South.

[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.]

Miller Securities Corp. Formed in Atlanta

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Miller Securities Corp. has been formed with ofifces at 11 Pryor St., Southwest to engage in a securities business. Philip L. Miller is President and Treasurer. He was formerly with McNeel, Rankin & Budd, and French & Crawford. In the past he conducted his own investment business in Atlanta.

I. D. A. C. Convention Opens June 8 in Banff

TORONTO, Canada—The 43rd annual meeting of the Investment Dealers' Association of Canada will be held at Banff Springs Hotel, Alberta, June 8 to 11.

Edward H. Ely

Over 350 members of the Association and their wives will be present at this meeting, which will be held under the Chairmanship of E. H. Ely, Vice-President, Wood Gundy & Company, Limited, Toronto, who is the retiring President of the Association.

Guests of honor and principal speakers at the meeting will be:

The Honorable Dr. J. J. Bowlen, Lieutenant-Governor of the Province of Alberta.

H. S. Foley, Chairman of the Board, Powell River Company Limited, Vancouver, N. R. Crump, President, Canadian Pacific Railway Company, Montreal.

Three Sons Join Strauss, Ginberg

The principals of Strauss, Ginberg & Co., Inc., 115 Broadway, New York City, announce that their sons, David Ginberg, Gerald Markowitz, and David C. Strauss, are now associated with the firm.

Chicago Analysts to Hear

CHICAGO, Ill.—L. Chester May, Treasurer of American Telephone & Telegraph Company will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held June 4 at the Midland Hotel.

Joins Bache Staff

CHICAGO, Ill.—Donald R. Rose has joined the staff of Bache & Co., 140 South Dearborn Street.

The British Ingrained Free Trade Mentality

By PAUL EINZIG

Aware of Britain's improved sterling position and the real sacrifice involved in recent trade liberalization, correspondent Einzig believes his country's move reflects: concern about our balance of payments, desire to end Western Europe's privileged position in British markets and fear of increasing U. S. protectionism. Other effects of this move, Dr. Einzig detects, may be a dampening of U. S. purchase of British firms and check on British cost-of-living. That the British took this step is seen as evidence of going toward traditional free-trade whenever there's half-a-chance, despite sacrifices and risks.

LONDON, Eng.—The official announcement that controls on the import of many consumer goods from the dollar area are to be removed did not come as a surprise. In recent months the Government showed great determination in resisting pressure against further concessions. Opponents of such liberalization insisted that it should not assume the form of unilateral concessions so long as the tide of American economic nationalism continues to rise. They pointed out that recent unilateral concessions in favor of American exporters were followed by the rejection of several important British tenders in the United States in spite of the lower prices they quoted. The Government was called upon to seek an assurance against the recurrence of such incidents before proceeding further in the way of easing restrictions on dollar imports.

Paul Einzig

Even though the Government repeatedly reaffirmed its determination to insist on fair treatment of British tenders, it was not prepared to give an undertaking to abstain from unilateral concessions. Judging from some of the official answers to Parliamentary questions on the subject, it appeared indeed probable that some further concessions were imminent. What came as a surprise is the extent of the concessions announced on May 28. They were expected to be confined to capital goods. In fact they covered a very wide range of consumer goods.

Most of the items which can now be imported from the dollar area have been on the free list as far as Western Europe was concerned. To some extent, therefore, America's benefit will be Western Europe's loss, as henceforth the Western European exporters will have to face American competition in the British markets. Possibly the uncompromising attitude of the European common market towards Britain may have contributed towards the decision which will bring to an end the privileged position of Western European exporters on the Brtish market.

The main consideration that influenced the decision was the desire to contribute towards relieving the pressure on dollar imports insofar as it is due to the unfavorable change in the balance of payments of the United States. The utmost importance is attached in British official circles to the maintenance of the strength of the dollar. It is considered to be one of the foundations of the free world's economic supremacy over the Communist world. In British official circles it is considered to be worth while to make some sacrifice by increasing dollar imports, for the sake of contributing towards the strengthening of the dollar, in the interest of Britain and the whole free world.

Stresses Sacrifice Involved

The extent of the sacrifices is not to be underrated. Many of the household appliances, radio and television sets, Gramophone records, recording tape, automobiles, etc., will be competing against the corresponding British goods, and in some instances at any rate, the American prices are distinctly competitive. In addition to its effect on the balance of payments with the dollar area, the concessions are likely to affect employment in some British industries, at a moment when unemployment is still considered to be abnormally high in spite of its recent decline.

Of course, the decision was taken on the assumption that, even in the absence of an agreement, the United States would abstain from increasing the visible and invisible tariff walls against British goods. Should there be such increase, or should there be further evidence of unfair discrimination against British tenders, the Government might find it difficult to resist pressure in favor of reversing its policy of liberalization.

The announcement had a favorable reception in the British press, because it is interpreted as an indication of the Government's confidence in the strength of sterling and in the prospects of the British economy. The Treasury obviously feels it can afford to give away some dollars through agreeing to an increase in American and Canadian imports to Britain. Until a few months ago this would have been considered a very bold move. But now it is felt that the recent improvement of the gold reserve position warrants a high degree of optimism.

From the point of view of the effect of the concessions on the domestic industrial position, the recent improvements and the prospects of further improvements appear to justify a certain degree of liberalism. An increase in dollar imports is not likely to mean an increase in British unemployment. It will probably only mean a slowing down of the pace at which unemployment will continue to decline during the rest of this year.

Although a stage has not yet been reached in British economic recovery at which the Government would begin to think in terms of applying the brake to prevent inflation, a moderate increase in imports is not considered to be an unqualified disadvantage. American goods will only be imported if they are cheaper than the corresponding British goods. British firms may feel compelled to lower some of their prices in order to compete with American imported goods. The result may well be a slight decline in the cost of living index which has been stable for the past six months. Or at any rate there may be no increase which might otherwise have taken place. A decline would go some way to offset the inflationary effect of the business recovery, so that it would obviate the need for applying the brake which might otherwise have to be applied in due course. During April the proportion of the unemployed declined to 2.2%. It is widely believed that if and when the percentage should decline below two, the authorities might feel the time has come for taking steps to slow down further expansion of production, in order to avoid the return of overfull employment. The effect of the liberalization might well be a postponement of such a change.

May Discourage Buying Up of British Firms

Another aspect of the liberalization of dollar imports is that it is expected to reduce the inducement for American industrial interests to seek to buy up the control of British firms in order to establish themselves in the British markets. Various American takeover bids of British industrial firms have been looked upon with mixed feelings in London. The Government rightly refused to commit itself to measures to prevent such take-overs, but promised to keep a watchful eye on the situation which has been causing some uneasiness in many quarters.

Now that a great many American industries will have access to the British market, one of the main reasons for take-over bids will cease as far as these industries are concerned. This, of course, will tend to reduce the dollar influx on capital account. But such an influx is regarded in any case as a dubious blessing, because the transfer of the dividends on the equities acquired by American firms will become a permanent charge on the British balance of payments.

Having said all this, it is necessary to point out in conclusion that the concessions were yet another manifestation of the free-trade mentality which is deeply ingrained in the British character. Whenever there is half a chance for liberalization, the British will liberalize, even if it means sacrifices and risks, in accordance with the country's free trade traditions.

Mansfield Tire Offers Debentures To Stockholders

The Mansfield Tire & Rubber Company is offering holders of its common stock rights to subscribe at 100% for $5,038,300 of 5% convertible subordinated debentures, due 1974, in the ratio of $100 principal amount of debentures for each 28 shares of common stock held of record June 2, 1959. The offer expires at 3:30 p.m. (EDT) on June 18, 1959.

An underwriting group headed by A. G. Becker & Co., Incorporated, will purchase any unsubscribed shares.

The debentures are convertible into common stock at $23.50 per share. Redemption prices are scaled from 105% of principal amount to and including May 31, 1960, and at decreasing prices thereafter, plus accrued interest.

Proceeds from the offering will be applied to the payment of short-term bank loans.

Capitalization of the company is as follows: $5,000,000 of 4⅞% sinking fund debentures due 1973; $143,800 of 5½% mortgage notes; 1,410,718 shares of common stock, $2.50 par value; and the debentures currently being offered.

Mansfield Tire & Rubber has its principal offices and manufacturing plants at Mansfield, Ohio. Net earnings in 1958 amounted to $2,153,000.

Amott, Baker Branch

ROME, N. Y.—Amott, Baker & Co., Incorporated, members of the New York Stock Exchange, announce the opening of a new branch office under the direction of Edwin A. Hauser. Mr. Hauser was formerly, for several years, local manager for Mohawk Valley Investing Co., Inc. and prior thereto was in the banking and securities business in New York City for many years.

Public Utility Securities

By OWEN ELY

Montana Power Company

Montana Power, with annual revenues of over $44 million, serves a substantial part of the state of Montana with electricity, and smaller areas with gas. The company also sells power to operate 440 miles of electrified railroad. Electricity contributes nearly 70% of revenues, natural gas 29% and other services 1%. The most important customer is Anaconda Copper which accounts for about one-fifth of revenues; other industries some 12%, residential customers 32%, and commercial 19%.

Montana's principal industries are mining and smelting, farming and livestock raising, oil and gas production and refining, lumbering and tourist business; there is also some diversified industrial activity which, while not large, has been gaining rapidly. Between 1947 and 1956, the last year for which statistics are available, the value added by manufactures in the state increased from $91 million to $243 million annually, up 168%—the largest percentage gain in the Pacific Northwest and almost double the increase in the national average.

Despite the cyclical nature of the lumber and mining industries in its area Montana Power has shown good resistance to the effects of depressions. In 1958, the recession in the mining industry resulted in a decline of nearly 16% in mineral production. However, copper prices improved toward the end of the year, leading to increased activity in the Butte mining area, and Anaconda completed a large pressure-conveyor plant to expand production at its Berkely open-pit mine. There were declines in revenues from industrial, rail and utility customers, and the gas business was affected by abnormally warm weather.

On the other hand, the lumber industry made a much better showing in 1958, due largely to a gain of 12% in building permits and a 33% increase in residential housing starts. Another favorable factor was the operation of a new pulp mill by Waldorf Paper Products; four other lumber mills are being built. Also countering the adverse factors last year were: (1) the electric rate increase, of which perhaps 25 or 30 cents per share may have accrued after the effective date, July 12; (2) a planned reduction of nearly $1 million in maintenance and other operating expenses; (3) gas contract rate increases and new gas customers; (4) good farming conditions and farm prices, resulting in an 11% increase in the value of crops, livestock, etc.; (5) a gain of about 6% in the value of oil and gas production. Thus the company was able to show an increase in share earnings from $3.79 in 1957 to $3.96 in 1958. These figures included about 10 cents and 13 cents a share, respectively, resulting from "flow through" of tax benefits resulting from use of accelerated depreciation.

Generating capability of the company's plants at the end of 1958 was 671,000 kw, an increase of 60,000 over the 1957 figure, resulting from completion of the Cochrane Dam. (The total included 75,000 kw. available under firm purchased power contracts.)

Peak load was only 515,000 kw. compared with 539,000 in the previous year, 528,000 in 1956 and 517,000 in 1955. Thus, while the supply picture now looks very good, the company is making plans to redevelop the Thompson Falls Hydro Plant to add 35,000 kw., and is also planning to add more steam capacity within the next four or five years.

There are also good expansion possibilities in the gas division. In 1958 the company actively carried on exploration and development work to increase its own reserves, which in 1957 provided 70% of total gas requirements. In Canada substantial progress was also recorded in oil drilling in Saskatchewan. The annual report stated:

"The Caroline project resulted in a deep gas discovery adjacent to the proposed Alberta Trunk Line gathering system. If further development substantiates this discovery, the gas should find a ready market in the Alberta & Southern Gas Co. project to develop supplies for the Montana and California markets."

The company in 1958 joined with Pacific Gas & Electric in the latter's project to import natural gas from Alberta. Montana Power's share of this gas would be 10.5 billion cf. a year (compared with 1958 sales of about 34 billion cf.).

The company's capitalization at the end of 1958 was as follows:

	Millions	
Long-Term Debt	$67	43%
Preferred Stock	22	14
Com. Stock Equity (2,495,000 shares)	66	43
Total	$155	100%

Montana Power has been selling recently around 74½ (range this year 78-63½ and in 1958 71½-45). Based on the increased dividend rate of $2.40 the yield is 3.3%. Earnings for the 12 months ended March 31 were $4.15, an increase of 18 cents over calendar 1957. Based on estimated earnings of perhaps $4.35 for 1959, the price earnings ratio would be 16.9. The company plans to split the common stock 3-for-1 and stockholders will vote June 17 on the proposal.

Glore, Forgan Opens Two Coast Offices

SAN FRANCISCO, Calif.—Glore, Forgan & Co., Chicago and New York investment banking firm, has announced the opening of its first branch offices on the West Coast.

The former San Francisco and Los Angeles offices of H. E. Work & Co. have become branches of Glore, Forgan & Co., and will be under the direction of H. E. Work, who joins the Glore, Forgan organization.

The San Francisco office, headquarters of Mr. Work, is located at 100 Bush Street.

The Los Angeles office is located at 650 Spring Street with F. Alden Damon, also formerly of H. E. Work & Co., serving as resident manager.

Merit Investors Opens

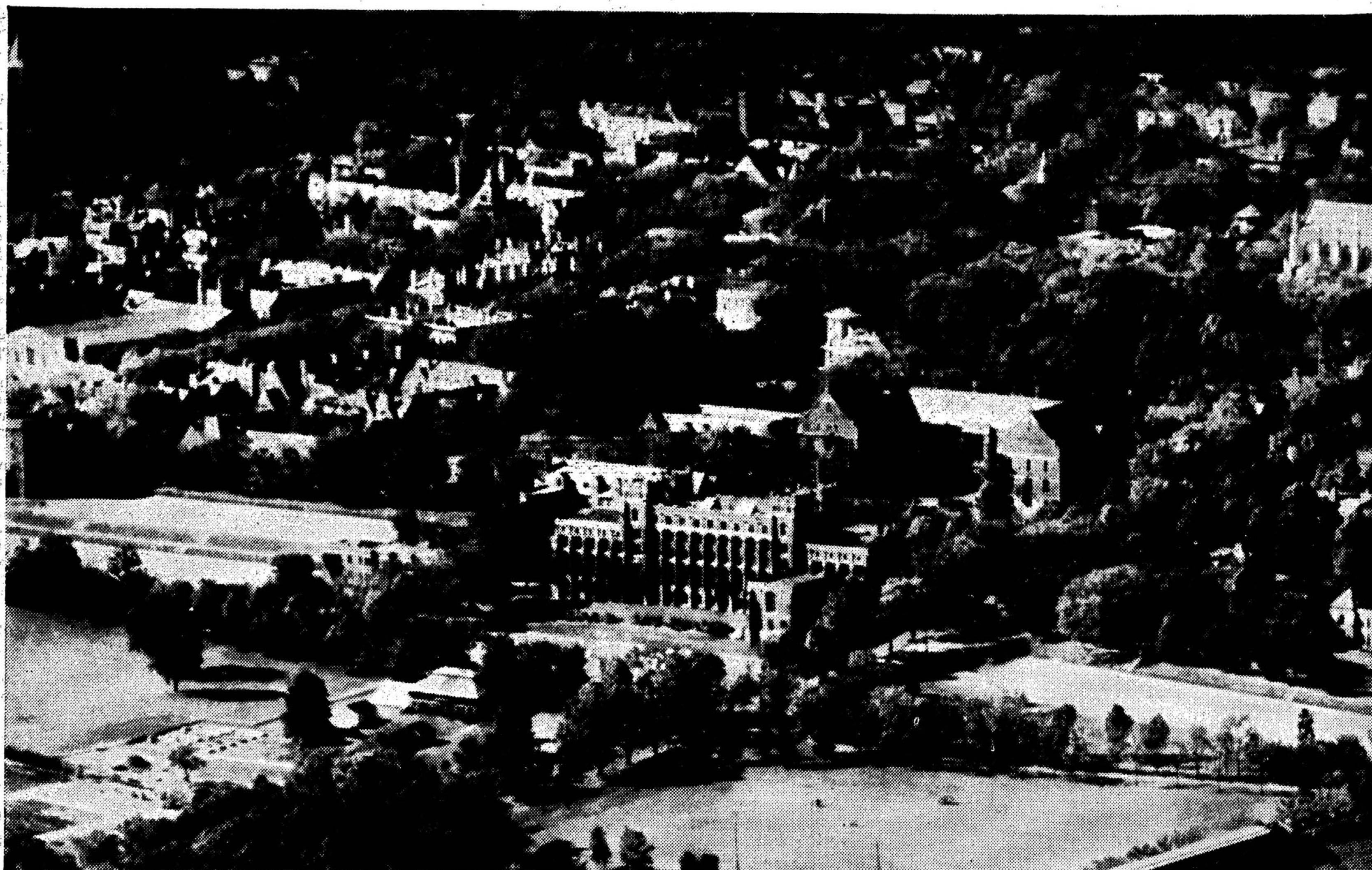
BROOKLYN, N. Y.—Sidney Osgood has formed Merit Investors Co. with offices at 815 Broadway, to engage in a securities business.

Maryland Secs. Branch

WASHINGTON, D. C.—Maryland Securities Co., Inc. has opened a branch office at 4750 Wisconsin Avenue under the direction of Conrad A. Lippman.

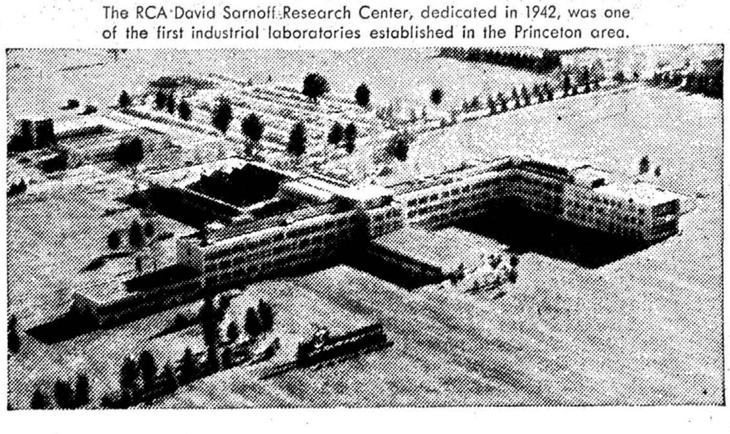
Shearson, Hammill Office

BROOKLYN, N. Y.—Shearson, Hammill & Co. has opened an office at 2235 Church Avenue, under the management of Eugene Rosenfield.



Princeton, N. J.: Today the area around this historic educational center is one of the country's foremost communities of scientific research.

The RCA David Sarnoff Research Center, dedicated in 1942, was one of the first industrial laboratories established in the Princeton area.



News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The First National City Bank of New York announces the recent appointment of Mr. Edward Symonds to the Petroleum Department, part of the Bank's Special Industries Group.

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The First National City Bank of New York has also 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.

* * *

An unusual meeting of bankers from the four corners of the world is taken place this week in New York. The visitors are 30 senior supervisory officers of **The First National City Bank of New York's** 78 branches in 27 countries who have come to attend conferences held by the Bank for administrative purposes and to consult on foreign trade problems.

Mr. George S. Moore, Executive Vice-President in Charge of the Bank's Overseas Division, stated that the growing interest, on the part of American companies, in export business and in manufacturing abroad was one of the primary reasons for the conference. This is one of the factors responsible for the bank's current emphasis on the fact that "Things Are Different Overseas Today."

Visitors attending the conference include: Mr. W. M. Simmons, Vice-President, Johannesburg, South Africa; Mr. J. B. Arnold, Vice-President, Buenos Aires, Argentina; Mr. L. W. Tiers, submanager, Singapore; Mr. H. M. Sperry, Resident Vice-President, Hong Kong; Mr. Harvey Gerry, Vice-President, Paris, France; Mr. R. J. Breyfogle, Vice-President, London, England; Mr. J. C. Goodridge, manager, Cairo, Egypt, and Mr. Robert M. Henry, Resident Vice-President, Manila, and Harold Swenson, Assistant Vice-President, Continental Representative, Frankfurt, West Germany.

Senior supervisory officers from the bank's Overseas Division in New York, are also taking part in the conference which began May 30 and will run through Sunday, June 7, at the Westchester Biltmore Country Club. The sessions will be devoted to the discussion of administrative matters relating to the bank's international business and to the development of a continuing program of expansion of its facilities to meet the great increase in foreign trade which the bank anticipates in the coming decade. In line with this program, the bank has recently opened offices in the Federation of Malaya and the Union of South Africa. Application for establishment of branches in Ecuador are now pending. Additional branches have already been opened in Argentina, Uruguay, Venezuela, Singapore and Mexico, countries in which the bank has been operating for many years.

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Directors of **Chemical Corn Exchange Bank, New York** and of **The New York Trust Company** have unanimously approved plans for the merger of the two institutions under the name of **Chemical Bank New York Trust Company**, Harold H. Helm and Adrian M. Massie, respective Chairman, announced on June 2.

Holders of New York Trust stock would receive one and three-fourths shares of the merged institution for each share of their stock now held. Chemical Bank shares now outstanding would remain outstanding as shares of the merged institution.

Mr. Helm would continue as Chairman and chief executive officer of the merged Bank. Mr. Massie would become Chairman of the Trust Committee and have general supervision of the combined trust departments of the merged Bank. Hulbert S. Aldrich, President of New York Trust, would become a Vice-Chairman of the board of the merged Bank. Isaac B. Grainger, President, and Gilbert H. Perkins, Vice Chairman, of Chemical Bank, would continue as President and Vice Chairman of the merged Bank. As such, these five would constitute the senior executive officers of the enlarged institution. It is planned that all other officers and employees of both banks would be retained in their present positions and salaries. Willis McDonald, Vice-President and Director of New York Trust, would be Senior Vice-President of the merged Bank.

The plan is subject to approval of the State Superintendent of Banks and the Federal Reserve Board. It is also subject to approval of the stockholders of the two institutions, to whom it will be submitted as promptly as practicable.

On the basis of figures at March 31, 1959, the merged institution would have at the time of the merger capital funds in excess of $385,000,000 and total resources in excess of $4,300,000,000, making it on the basis of total resources the third largest in New York and the fourth largest nationally.

In their joint statement, Messrs. Helm and Massie said, "The business, resources and management talents of Chemical and New York Trust complement each other in such a fashion as to make their merger in the best interests of the public as well as of their customers and shareholders. Their combination will make for increased and more effective competition not only in this community but nationally and internationally."

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The appointments of Joseph Leff and Theodore Schlesinger to the Advisory Board of the Empire State Office of **Manufacturers Trust Company, New York,** has been announced by Horace C. Flanigan, Chairman of the Bank's Board of Directors.

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Robert McC. Jordan, formerly an Assistant Treasurer in **Bankers Trust Company, New York,** has been named an Assistant Vice-President, it was announced May 25, by William H. Moore, Chairman of the Board.

Simultaneously, Mr. Moore made known the appointments of James A. Dalton, of the Delancey Street Office; Frederick G. Lauer, Jr., of the Fifth Avenue Office, and Francis D. Nash, of the Wall Street Branch Office as officers of the company.

Mr. Jordan joined Bankers Trust Company in 1953. He was named an official of Bankers Trust Company in 1956.

* * *

The Bowery Savings Bank on June 2 was 125 years old, having opened for business June 2, 1834, on the Bowery at Grand Street.

Fifty depositors left $2,020 in the Bowery's safekeeping on the first day. The Bank was open two evenings a week at the start, although in 1835 Thursday evening hours were added "to receive deposits from females." For more than a year there were no paid employees. Weekly volunteer groups of three trustees each, handled the Bank's business. Benjamin M. Brown was the first President. Deposits at the end of 1834 totaled $65,111.

Today more than 570,000 men, women and children have $1,560,000,000 on deposit at the Bowery. The Bank has five offices and a staff of 622. Dividends to depositors have been paid every year since 1834, through wars, panics, depressions, as well as periods of prosperity. The grand total of dividends paid through April 1, 1959, is $724,981,280.95.

The Bowery was started by Quakers as a thrift institution for shipyard, machine shop and other industrial workers on the Lower East Side. Today the Bank has depositors from all over the world.

Earl B. Schwulst has been President since 1949.

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The election of Albert F. Tegen as a Director of **The Marine Midland Trust Company of New York** was announced by George C. Textor, President, following a meeting of the Board of Directors.

* * *

Thomas W. Kelley has been elected a Director of the **Colonial Trust Company, New York.** New headquarters of the Bank were opened at 79 Pine Street, formerly at 90 Wall Street.

* * *

Fenton J. Walsh, formerly an Assistant Vice-President in Charge of the Bedford Office of **Lafayette National Bank of Brooklyn, N. Y.,** has been elected Vice-President. He will be in charge of the new office at Fulton Street.

* * *

The 25th Annual Dinner-Dance of The Dime Club, composed of 600 officers and employees of **The Dime Savings Bank of Brooklyn, N. Y.,** was held May 30 in the Garden City, L. I., Hotel. Included in the evening's entertainment program was a special feature centered around the fact that The Dime of Brooklyn is observing 1959 as its 100th anniversary year.

* * *

Charles G. Sposato, Vice-President of **The County Trust Company, White Plains, N. Y.,** at the Bank's Mount Vernon office, retired May 29 under the company's retirement plan. He started a banking career that spanned 50 years in 1909 with **The First National Bank of Mount Vernon.**

In 1920 Mr. Sposato joined the staff of the **American National Bank in Mount Vernon** which subsequently merged with **The Mount Vernon Trust Company.** The latter institution merged with The County Trust Company in 1952. He will continue his association with the Bank as a member of the Mount Vernon Advisory Board.

* * *

The Worcester County National Bank, Worcester, Mass. announced that it has received permission from the Comptroller of Currency in Washington, D. C. to open an office in Greendale. This new office will be at 460 West Boyleston Street, and is the Bank's 15th office and the sixth in the city. It is expected to be open for business in the fall.

* * *

The common capital stock of **The Johnsonburg National Bank, Johnsonburg, Pa.,** was increased from $150,000 to $300,000 by a stock dividend, effective May 19. (Number of shares outstanding: 12,000 shares, par value $25.)

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Lucas E. Finney, Vice-President of **Western Pennsylvania National Bank, McKeesport, Pa.** has been named to the Bank's Management Committee.

Mr. Finney, who is supervisor of community offices, joined WPNB in March, 1951, as manager of the bookkeeping department. He became Vice-President in charge of the Smithton Office in 1954, and assumed his present position in April, 1958.

He is also a member of the Planning, Personnel, Deposit and Loan Forecast, and Contributions Committees of the Bank.

Mr. Finney was cashier of the **State Bank of Elizabeth** from 1918 to 1928, and assistant cashier of **First National Bank of Wilkinsburg** from 1928 to 1930.

* * *

A proposed merger of the **Farmers Bank of the State of Delaware** and the **Peoples National Bank of Laurel** under the name and charter of the Farmers Bank was announced by the two institutions. An agreement of merger has been signed by the Board of Directors of both institutions, providing for the exchange of two and one-quarter shares of the Farmers Bank of the State of Delaware for each share of the capital stock of the Peoples National Bank.

Ira Lewis, Executive Vice-President of the Peoples National Bank, will become a Vice-President of the Farmers Bank. Howard R. Elliott, now Cashier of Peoples, will become an Assistant Vice-President of Farmers and J. Alton O'Day will become an Assistant Cashier of the Farmers Bank. The present directors of the Peoples National Bank will constitute the Advisory Committee of the Farmers Bank for Laurel with the same authority and power to make loans as in the past.

Special meetings of stockholders of both banks are being called for June 25 to approve the merger and it must also receive the approval of the State Bank Commissioner and other supervisory authorities before becoming effective.

* * *

Stockholders of **The Northern Trust Co.,** approved an increase in its capital stock from $10,000,000 to $12,500,000 and the issue of 25,000 additional shares of stock as a stock dividend. The stock dividend will be payable to stockholders of record at the close of business May 26 on the basis of one share for each four shares held.

* * *

Public Bank, Shelby, Mich., has promoted Herbert L. Bobke to assistant cashier, it was announced by Joseph F. Verhelle, President.

Mr. Bobke will assist in the administration of the consumer loan department.

Mr. Bobke will also help in the development of the Public Bank Credit Line, a new form of personal credit recently inaugurated by the Bank.

* * *

Merger certificate was issued approving and making effective, as of the close of business May 15, the merger of **The Ridgedale Bank & Trust Company, Chattanooga, Tennessee,** with common stock of $350,000 into **The Hamilton National Bank of Chattanooga, Chattanooga, Tenn.** with common stock of $3,000,000. The merger was effected under the charter and title of "The Hamilton National Bank of Chattanooga," with capital stock of $3,500,000, divided into 175,000 shares of common stock of the par value of $20 each.

* * *

Directors of **Citizens National Bank, Los Angeles, Calif.** have approved a plan for a stock dividend and for raising new capital which would bring the bank's total capital funds to approximately $39 million. Under the proposed financing program, shareholders would receive a stock dividend of one share for each two shares held and, in addition, the right to purchase their prorata number of 210,000 new shares on the basis of one new share for each five held after the stock dividend. The definite price of the new shares will be determined by the board, prior to the offering, at not less than $37.50 and not more than $40 per share. A special meeting of the bank's shareholders will be held June 23 to approve the proposal.

* * *

Promotion to Assistant Vice-President in **Bank of America, San Francisco, Calif.,** was announced for Alan V. Bartlett, head of the statistical and research section in the Municipal Bond Department at the head office in San Francisco.

Mr. Bartlett joined the Bank in 1943 after several years in the securities and municipal bond fields and has headed the statistical and research section since 1953.

* * *

Establishment of a branch in Kuala Lumpur, capital of the Federation of Malaya, by **Bank of America (International),** wholly owned subsidiary of Bank of America NT&SA, was announced in San Francisco by Russell G. Smith, Executive Vice-President, International Banking.

The branch opens June 1 at 1 Cross Street, in the business section of the capital city, with J. H. Schroeder, former assistant manager of the Osaka, Japan, branch, as manager.

* * *

Edwin E. Adams, President of The Bank of California, N. A., announced that the contract has been awarded for construction of the Bank's new building at 12th and J Streets in Modesto.

Construction is scheduled to begin June 8, with tentative completion date planned for Jan. 4, 1960.

The bank now has 18 offices in California, Oregon and Washington. Assets at the end of the first quarter of 1959 totaled $629,661,339.

* * *

Merger of the **County National Bank and Trust Company of Santa Barbara, Calif.,** into **Crocker-Anglo National Bank, San Francisco, Calif.,** was approved by the respective shareholders of both institutions in separate special meetings held in Santa Barbara and San Francisco on May 26, it was announced jointly by W. W. Crocker, Chairman of the board of Crocker-Anglo, and Joe D. Paxton, chairman of the County National.

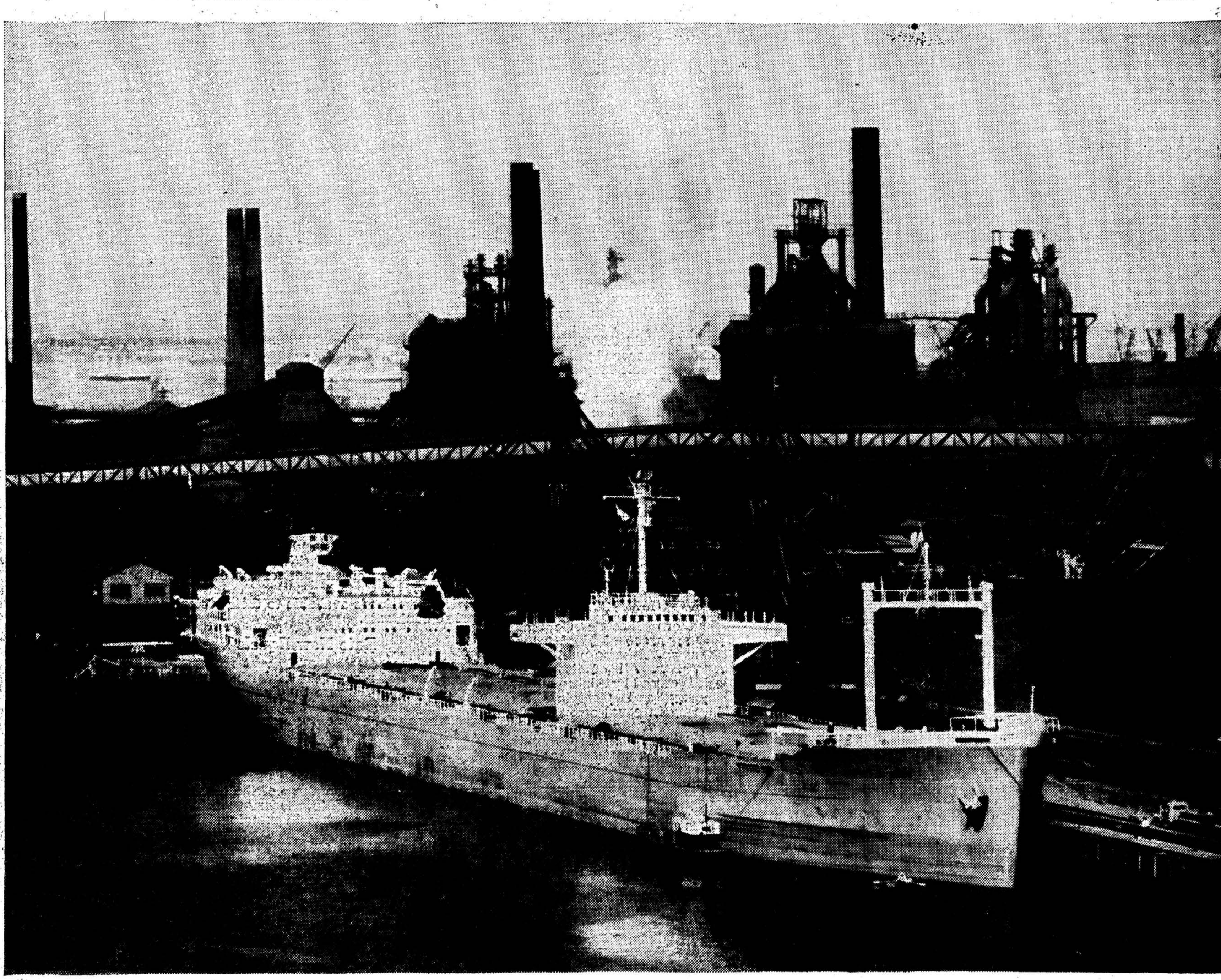
The merger was effective at the close of business on May 29, subject to the final approval of the Comptroller of the Currency. At the opening of business on June 1, the County National office at State and Carrillo Streets is Crocker-Anglo's Santa Barbara Main office, and the County National unit in nearby Montecito, its Montecito office. These two offices increased the Crocker-Anglo system to a total of 81 units in 50 communities, and brought 88-year old Crocker-Anglo into the Southern California area for the first time.

All officers and staff members of the County National Bank will continue in their various capacities as officers and staff members of Crocker-Anglo. Mr. Paxton will become Chairman, and P. S. Belford, Vice-Chairman, of Crocker-Anglo's Santa Barbara advisory committee which will be composed of the current directors of the County National.

The County National Bank was opened in November, 1875 as the **Santa Barbara County Bank,** and was granted a national charter five years later. In 1920 the institution merged with the **Santa Barbara Trust Company,** a separate but affiliated institution, and adopted the name under which it has since been operated.

New Dinkins Office

BALDWIN, La.—Ladd Dinkins & Company has opened a branch office in Baldwin under the management of H. H. Dinkins.

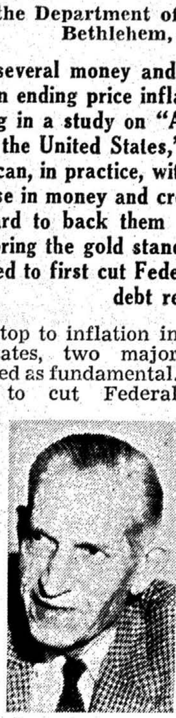


The Inflation Problem And How to End It

By FREDERICK A. BRADFORD*
Head of the Department of Finance, Lehigh University, Bethlehem, Pennsylvania

Author of several money and banking texts succinctly offers his views on ending price inflation. One of eleven economists participating in a study on "A Proper Monetary and Banking System for the United States," Dr. Bradford doubts monetary authorities can, in practice, withstand pressures if they were to curb increase in money and credit unless there is a convertible gold standard to back them up. Thus, to end inflation, he favors restoring the gold standard but qualifies this, however, with the need to first cut Federal expenditures to permit some debt reduction.

In putting a stop to inflation in the United States, two major steps are indicated as fundamental. The first is to cut Federal expenditures substantially in order to produce not only a balanced budget, but a surplus of receipts over expenditures to the end that some reduction may be made in the huge Federal debt. The second is to restore full convertibility of the dollar in gold.


Dr. F. A. Bradford

I place the reduction in Federal expenditures first, because a return to convertibility would not be successful for long if the Federal Government continues to run successive deficits. On the other hand, convertibility would itself be helpful to the government in an effort to return to fiscal sanity. In the latter connection, I would like to quote from a recent address of Mr. Malcolm Bryan, President of the Federal Reserve Bank of Atlanta:

Cites Malcolm Bryan's Views

". . . The danger, I think, is that the free world, those political and personal freedoms are utterly dependent upon a free economic society, will destroy its freedoms before it succeeds in finding a monetary standard appropriate to a free society. . . ."

". . . The main problem facing the modern world in its search for a monetary standard lies precisely in the difficulty of making the sovereign itself amenable to disciplines."

"We are hardly going to find a monetary standard having more than ephemeral and transitory significance unless we face up to the fact that it is precisely in the difficulty of disciplining the sovereign himself that we find now, as the world has found in the past, the central problem of a monetary standard. If such language be deemed inept, let it be more gently phrased. Let it be said that we must provide in the monetary standard a shield behind which the sovereign may at times honorably retire. . . .

"Such a standard can be had, if at all, only if the individual has access to ultimate money. . . . There must be a fundamental personal right, recognized by all society, including the sovereign, for the individual to protect his savings by demanding money—by demanding value—not merely a symbol of money."

It is in providing a monetary standard of the sort described by Mr. Bryan as essential to our freedom that a return to gold convertibility is indicated. A move in this direction would aid Congress in resisting demands of pressure groups for funds, thus assisting in the elimination of unnecessary expenditures. It would also strengthen the international position of the dollar, and might well lead the way to full convertibility by many western countries.

Fed is Handicapped

Return to, and rigid adherence to, gold convertibility would help to curb inflation via the much-publicized wage-cost spiral. Theoretically, this could be stopped by the monetary authorities through curbing increases in the quantity of purchasing media. As a practical matter, however, pressure against such a course would be too great unless the legal requirement of convertibility were present to act, as Mr. Bryan puts it, as a shield behind which the authorities might honorably retire.

Turning now to the budget, what is really called for is not merely a balancing of receipts and expenditures, but an actual excess of receipts, the surplus being used to reduce outstanding government debt. Even with a just-balanced budget, the Treasury's debt management problem is a thorny one. The vast amount of necessary refunding not only poses difficulties for the Treasury, but may also at times interfere with credit control policies of the Federal Reserve. If the task of borrowing new money is added to existing refunding requirements, the Treasury's problem is intensified. The threat of inflation engendered by successive deficits forces the Treasury into the short-term market to meet its needs for money, and the final holders of additional short-term debt will be the commercial banks, thus adding to the quantity of monetary purchasing power and to the inflation potential.

A Treasury surplus with some debt reduction, on the other hand, would put the Treasury in a position to lengthen the debt and adopt sound financing methods. Improvement in the Treasury's financial position would tend to allay inflation fears and would stimulate the lagging interest of individuals in United States Savings Bonds.

Conditions for a Gold Standard

To sum up, while sound financial policy is essential, the pursuance of such a policy would be aided materially by a return to gold convertibility. The latter, to be successful, would entail: a fixed price of gold (with no reservations as to a possible future increase in this price); independence of the Federal Reserve, but with the legal necessity of maintaining a fixed minimum gold reserve ratio; prohibition of further monetization of the public debt; and eliminating discriminatory tariffs and other impediments to the free flow of goods and capital between the United States and other countries.

This would mean the elimination of a governmentally planned economy and a return to free economic enterprise. Barring continued—and eventually disastrous—inflation, the choice lies between these courses. It is up to the American public to make that choice.

*From a talk by Dr. Bradford before the Pi Gamma Mu forum on the current inflation threat, Bethlehem, Pa.

$25 Million Bonds of Southern Electric Offered to Investors

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Blyth & Co., Inc., are joint managers of an underwriting syndicate which on May 29 offered an issue of $25,000,000 Southern Electric Generating Company First Mortgage Bonds, 5¼% Series due June 1, 1992, at 101.579% and accrued interest, to yield 5.15%. Award of the bonds was won by the group at competitive sale May 28 on a bid of 100.43%.

Net proceeds from the financing will be used by the company for construction purposes, including the repayment of short-term bank loans and for other corporate purposes. Construction costs for 1959 are estimated at $59,854,655; for 1960 at $49,543,733; for 1961 at $33,175,539, and for 1962 at $7,099,641.

The bonds will be redeemable at regular redemption prices receding from 106.83% to par, and at special redemption prices ranging from 101.579% to par, plus accrued interest in each case.

Southern Electric Generating Company was organized in May, 1956 as an Alabama public utility corporation. All of its common stock is owned by Alabama Power Company and Georgia Power Company in equal amounts. As a subsidiary of these two companies, Southern Electric Generating Company is a part of The Southern Company which owns all the outstanding common stocks of Alabama Power and Georgia Power. Southern Electric Generating is constructing a steam-electric generating station on the Coosa River near Wilsonville, Ala., with an installed capacity initially of four units, each of 250,000 kilowatts nameplate rating, the first such unit being scheduled for initial operations in April, 1960, the second in July, 1960, the third in 1961 and the fourth in 1962. The output of Southern Electric Generating's plant will be sold to Alabama Power and Georgia Power for distribution by them.

Upon completion of the current financing, capitalization of the company will consist of $25,000,000 of long-term debt; 225,000 shares of common stock, $100 par value per share and $273,000 of earnings retained in the business.

Avnet Electronics Corp. Offering Oversold

Avnet Electronics Corp. announced June 2 that its offering of 175,000 shares of common stock at a price of $5.75 per share was oversubscribed. A group headed by Michael G. Kletz & Co., Incorporated made the offering.

The company, together with seven subsidiary companies, is engaged in the business of manufacturing and distributing electrical products.

Other members of the underwriting group include: Amos Treat & Co., Inc.; Aetna Securities Corp.; Stanley Heller & Co.; John H. Kaplan & Co.; French & Crawford, Inc.; Bruno-Lenchner, Inc.; and Arthur B. Hogan, Inc.

To Be N.Y.S.E. Member

Robert J. Mayer will acquire a membership in the New York Stock Exchange, and on June 4th F. M. Mayer & Co., 30 Broad St., members of the American Stock Exchange, will also become members of the New York Stock Exchange. Partners are Frederick M. Mayer and Robert Mayer.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market and the capital market appear to have been pretty well adjusted to the recent changes in the prime bank rate and the discount rate. The movements of yields and prices so far have not been significant in either direction and this can most likely be put down to what is known as the process of finding one's way. The increase in the discount rate last week from 3% to 3½% was in line with expectations, although some money market followers were of the opinion that it would be pushed up to 3¾%. The present Central Bank rate of 3½% equals the high it has been at in the postwar years.

The action of the monetary authorities in raising the discount rate gives confirmation that the prevailing monetary policy is to be continued for the foreseeable future. Although these interest rate changes have been well taken by the money and capital markets, a rising trend in money rates is not usually considered bullish for (yields) of fixed income bearing obligations.

In Line With Expectations

The increase in the discount rate meant that a move which had been expected for two weeks had become a reality. It was merely a matter of time before the Central Bank rate would be raised, since the prime bank rate was increased from 4% to 4½%, and this created a situation in which there was to much leaway in favor of the deposit bank loaning rate. To be sure, there has been no pick-up in discounts and advances at the Federal Reserve Banks, because the member banks of the system have been able so far to meet the needs of its customers without resort to borrowings from the Central Banks.

Nonetheless, if the discount rate had remained at the 3% level, which was out of line with the rest of the lending rate structure, the temptation on the part of the commercial banks would have been very great, to borrow, at the low Central Bank rate and to make these funds available to their customers at the much higher prime bank rate.

Rate Now Equals Post-War High

The increase in the discount rate to 3½%, returns it to the peak level of recent years, which prevailed from August to November, 1957. Because the Central Bank rate has been upped to the old postwar high of 3½%, it is not expected in most quarters that there will be another upward revision of the discount rate for quite a period of time. It is evident that the trend of business and economic conditions along with the inflationary forces are going to determine the future course of the Central Bank rate. There is no question but what the industrial pattern is very strong, but as long as the expansion phase of the economy which we are in now does not generate into a boom period, it is not at all unlikely that the discount rate will remain at its current level of 3½%.

Pressure on Rate Structure to Continue

There is no question but the latest increase in the Central Bank rate is another expression by the Federal Reserve Board that the policy of monetary restraint or restriction is going to be continued. It is also an anti-inflationary move, and it is evident that if there is to be a resurgence in the inflation psychology and this is to be translated into a run from the currency through the purchase of tangibles, there will be tighter money conditions and this will bring with it a higher Central Bank rate. The big demand for credit so far has come mainly from consumers but there is also a great need for money for mortgages.

Up to now, there has not been very much of a change in the demand for funds for the improvement and expansion of plant capacity, but this appears to be on the verge of turning up in a rather important way. This would create a need for loanable funds, which would put more pressure on the interest rate pattern.

Corporations Remain Highly Liquid

The recent upward revision in the discount rate brought with it high rates for short-term Government securities, but there are no indications yet that there will be a sharp lessening in the demand for the most liquid Treasury issues. It is evident that in spite of the need for funds to finance the expansion in their own business, most corporations still have ample funds and these are still being put into the shortest, most liquid Government obligations. This means that the rates for short-term Government issues will not go up too much even though the whole pattern of loaning rates have been advanced through the increase in the prime rate and the discount rate.

Boston Fin. Research Group Elects Officers

BOSTON, Mass.—At the annual meeting of the Boston Financial Research Associates, Inc.

The following officers were elected for the ensuing year. President, Ellsworth Abercrombie, Burgess & Leith; Vice Presidents, Donald H. Whittemore, Whittemore & Co., and George R. S. Denton, Denton & Co.; Treasurer, Clement R. McCormack, J. H. Goddard & Co., Inc.; Governors, Richard E. Murray, May & Gannon, Inc., and John M. Bleakie, W. E. Hutton & Co., were elected to a two year term. James H. Odell, Chace, Whiteside & Winslow, and Paul D. Sheeline, Paul D. Sheeline & Co., are continuing members of the Board of Directors.

Made up of representatives from Boston brokerage firms, the Boston Financial Reseach Associates was founded a year ago by Victor Dugal of J. B. Maguire & Co., and several associates to further the knowledge of its members regarding over-the-counter and certain listed securities through meetings with business leaders or an exchange of ideas among the members.

Joins Spencer Trask

Paul F. Ford is now associated with the investment firm of Spencer Trask & Co., 25 Broad Street, New York, as a registered representative. Mr. Ford previously was with the Newark, N. J., office of Merrill Lynch, Pierce, Fenner & Smith, Incorporated for 10 years following his graduation from Pace College, Class of '49 with a Bachelor of Science Degree.

1,560,000	1977	3.90%
1,560,000	1978	3.95%
1,560,000	1979	3.95%
1,560,000	1980	100
1,560,000	1981	100
1,560,000	1982	100
1,465,000	1983	100
345,000	1984	100
345,000	1985	100
345,000	1986	100
345,000	1987	100
345,000	1988	100
345,000	1989	100

Tax Gain, Amortization of Premium

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

Legal Opinion

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

Bank of America N. T. & S. A. — The First National City Bank of New York — The Chase Manhattan Bank — Bankers Trust Company — Lehman Brothers — Harriman Ripley & Co. Incorporated — Halsey, Stuart & Co. Inc. — Harris Trust and Savings Bank — Morgan Guaranty Trust Company of New York

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

Weeden & Co. Incorporated — Lazard Frères & Co. — Blair & Co. Incorporated — Drexel & Co. — Phelps, Fenn & Co. — Kidder, Peabody & Co. — Glore, Forgan & Co. — C. J. Devine & Co. — Eastman Dillon, Union Securities & Co.

Merrill Lynch, Pierce, Fenner & Smith Incorporated — Shields & Company — Dean Witter & Co. — R. H. Moulton & Company — The First National Bank of Oregon — Paine, Webber, Jackson & Curtis — Seattle-First National Bank

Salomon Bros. & Hutzler — R. W. Pressprich & Co. — A. C. Allyn and Company Incorporated — The Philadelphia National Bank — Equitable Securities Corporation — Stone & Webster Securities Corporation — Bear, Stearns & Co.

William R. Staats & Co. — Mercantile Trust Company — Reynolds & Co. — Hornblower & Weeks — J. Barth & Co. — Ladenburg, Thalmann & Co. — John Nuveen & Co. (Incorporated) — B. J. Van Ingen & Co. Inc. — Carl M. Loeb, Rhoades & Co.

Bache & Co. — Bacon, Whipple & Co. — Baxter & Company — A. G. Becker & Co. Incorporated — William Blair & Company — Braun, Bosworth & Co. Incorporated — Alex. Brown & Sons — Clark, Dodge & Co. — Dick & Merle-Smith — Francis I. duPont & Co.

Estabrook & Co. — Fidelity Union Trust Company Newark, N. J. — First Southwest Company — Fitzpatrick, Sullivan & Co. — Hallgarten & Co. — Ira Haupt & Co. — Hayden, Stone & Co. — Hemphill, Noyes & Co. — Hirsch & Co. — E. F. Hutton & Company

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

Shearson, Hammill & Co. — Trust Company of Georgia — Wertheim & Co. — Adams, McEntee & Co. Incorporated — J. C. Bradford & Co. — Coffin & Burr Incorporated — Commerce Trust Company Kansas City, Mo. — Courts & Co. — R. S. Dickson & Company Incorporated — Eldredge & Co. Incorporated

First of Michigan Corporation — First National Bank in Dallas — First Western Bank & Trust Co. San Francisco — Geo. B. Gibbons & Company Incorporated — Industrial National Bank of Providence — Kenower, MacArthur & Co. — King, Quirk & Co. Incorporated

Mercantile National Bank at Dallas — W. H. Morton & Co. Incorporated — National Bank of Commerce of Seattle — Wm. E. Pollock & Co., Inc. — Republic National Bank of Dallas — Roosevelt & Cross Incorporated — Schwabacher & Co. — Stone & Youngberg

Stroud & Company Incorporated — Taylor and Company — Tucker, Anthony & R. L. Day — G. H. Walker & Co. — Wood, Struthers & Co. — Andrews & Wells, Inc. — Bacon, Stevenson & Co. — Robert W. Baird & Co. Incorporated — Bartow Leeds & Co.

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

Field, Richards & Co. — The First National Bank of Memphis — Ginther & Company — Goodbody & Co. — Gregory & Sons — J. B. Hanauer & Co. — Hayden, Miller & Co. — J. A. Hogle & Co. — Kalman & Company, Inc. — Kean, Taylor & Co.

Laird, Bissell & Meeds — Irving Lundborg & Co. — Lyons & Shafto Incorporated — McCormick & Co. — McDonald & Company — Park, Ryan, Inc. — Rand & Co. — Stern Brothers & Co. — Stern, Lauer & Co. — Spencer Trask & Co. — Tripp & Co., Inc.

Chas. E. Weigold & Co., Inc. — J. R. Williston & Beane — Winslow, Cohu & Stetson Incorporated — Robert Winthrop & Co. — Wood, Gundy & Co., Inc. — Barret, Fitch, North & Co. Incorporated — Blewer, Glynn & Co. — Burns, Corbett & Pickard, Inc.

City National Bank and Trust Company of Chicago — A. Webster Dougherty & Co. — Emanuel, Deetjen & Co. — Fahey, Clark & Co. — Farwell, Chapman & Co. — Federation Bank and Trust Co. — Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.

The Fort Worth National Bank — Hill Richards & Co. A Corporation — McDonnell & Co. Incorporated — Northwestern National Bank of Minneapolis — D. A. Pincus & Co. — The Provident Bank — Rambo, Close & Kerner Incorporated — The Robinson-Humphrey Company, Inc.

Shuman, Agnew & Co. — F. S. Smithers & Co. — Stern, Frank, Meyer & Fox — Stubbs, Watkins and Lombardo, Inc. — Third National Bank in Nashville — Thomas & Company — Wallace, Geruldsen & Co. — White, Hattier & Sanford

Zahner and Company — Fred D. Blake & Co. — Boettcher and Company — Julien Collins & Company — Cunningham, Schmertz & Co., Inc. — Ernst & Co. — Fahnestock & Co. — First National Bank of Minneapolis — The First National Bank of St. Paul

George P. Fogg & Co. — Freeman & Company — Granbery, Marache & Co. — Granger & Company — Malvern Hill & Company Incorporated — Horner, Barksdale & Co. — Indianapolis Bond and Share Corporation — Lawson, Levy, Williams & Stern

Lucas, Eisen & Waeckerle Incorporated — W. L. Lyons & Co. — McMaster Hutchinson & Co. — Wm. J. Mericka & Co., Inc. — Mitchum, Jones & Templeton — The National City Bank of Cleveland — Pacific Northwest Company

Piper, Jaffray & Hopwood — Putnam & Co. — Rowles, Winston & Co. — Ryan, Sutherland & Co. — Schaffer, Necker & Co. — Seasongood & Mayer — John Small & Co., Inc. — Stix & Co. — Stranahan, Harris & Company

Talmage & Co. — Thornton, Mohr and Farish — Tuller & Zucker — Van Alstyne, Noel & Co. — Wachovia Bank and Trust Company — J. C. Wheat & Co. — Harold E. Wood & Company — Arthur L. Wright & Co., Inc.

June 3, 1959

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

Continued from page 11

The Minutes of the Last Meeting

and affect the entire economy. They are:

(1) Continuous pressure on wages.
(2) Rising prices where supply and demand are such that higher prices can be obtained.
(3) Increased pay scales in related and service industries.
(4) High prices; higher taxes; Inflation.

As union power has increased, the cause of unionism has come to mean many things to different leaders. To some it has meant the banding together of employees to obtain justice and fair treatment. To others the union has been a revolutionary institution; a moral institution; a social and political institution; and, to a few, a means of building personal power and riches, by any means or methods that can be used, and frequently at the expense of the union's members and the general public.

Other Manifestations

It is understandable, therefore, that Monopoly Unionism manifests itself in many ways contrary to the public interest. These evidences occur:

(1) When it restrains, rather than uplifts, the individual and forces him into conformity.

(2) When it obtains from government legal, and quasi-legal, support in the form of special laws, and preferred handling by government agencies.

(3) When it obtains exclusive control of goods or services and denies the benefits of such goods or services to the other segments of the economy, except on conditions most favorable to its controllers or leaders.

(4) When it obtains the powers of coercion, by law or economic strength, enabling it to dictate at will to other segments of the economy.

(5) When it exacts tribute from other segments of the economy in the form of payments for services not rendered (feather-bedding); tribute for favors conferred or violence withheld (racketeering); and tribute in the form of higher prices for all (Inflation).

(6) When it turns upon its principal benefactor, government and seeks to impose its power, philosophy, and ambitions upon it.

(7) When it places its own interests above the interests of groups equally important to the economy, or even above the interests of the entire society itself.

No better illustration of these manifestations of Monopoly Unionism can be found than the threat that Mr. James Hoffa says he **didn't** make in Texas, should Congress pass restraining legislation. But if he **didn't** threaten to shut the whole country down, then, he certainly has inferred that he would do it on other occasions.

And what provoked the threat that Mr. Hoffa says he **didn't** make? The following statement by Senator John L. McClellan, Chairman of the Senate Rackets Investigating Committee:

"The time has come for Congress to seriously consider the enactment of special anti-trust legislation in the transportation field. . . . It is obvious to the whole country that the labor unions themselves cannot handle the critical problem of racketeering. . . . The present alliance of top officials of the Teamsters Union with the underworld has gained the proportions where the amassing of any further power by that union with equally corrupt unions like the ILA, or left-wing-led unions like the International Longshoremen's and Warehousemen's Union on the West Coast, would be calamitous for the nation."

We all recall the newspaper strike in New York. Then there was the abortive attempt to take over the New York Police. Again the political power of Monopoly Unionism is flaunted almost daily with listings of those legislators who are for or against union positions. Large contributions to campaign funds are given with the expectation, naturally, of favored treatment. These are facts, known to anyone who reads the newspapers.

McClellan's Findings

Monopoly Unionism can be indicated on all seven counts just enumerated as being against the public interest. The McClellan Committee has turned up evidence of racketeering; stealing, criminal union leadership; conspiracy with municipal officials, with businessmen in some instances in so-called "sweetheart contracts," and with the underworld in others. Yet all these are only **symptoms**; not the disease. The root of the disease is monopoly power, fostered by Federal law.

We should feel no surprise at these phenomena, however. Monopoly Unionism is not the **first** monopoly with which we have had experience in the United States. As a matter of fact, if we refer to **The Minutes of the Last Meeting** and see what happened in the 1880s, we will discover there really isn't anything very novel about our present situation.

The period from 1880 to 1904 was the great development period of our country. It was the time of the building of railroads and the development of the oil and other great businesses. No fewer than 300 corporate consolidations of national scope took place in those 24 years. Together they covered practically every manufacturing industry. Combinations took place in steel, nonferrous metals, oils, chemicals, textiles, paper, and in industrial, agricultural, office, and household machinery.

Never before nor since have the structure and method of control of an economy been so suddenly changed as during that period, brief as it was. Enterprising promoters and investment bankers put together combinations that embraced nearly every part of the nation's economic life. In both national and regional markets the combinations greatly reduced the number of sellers. In no industry, however, did it create pure monopoly. But many combinations controlled so much of their respective markets that they affected prices directly, simply by their production policies. Others collaborated readily with their rivals, big or little, to stabilize the market in what could have been interpreted as illegal conspiracy.

Era of Robber Barons

It was the era of steel "kings," oil and coal "barons," merchant "princes," railroad "magnates," and "Napoleons of finance."

Many of them abused their power, resorting to graft and corruption which seriously endangered the nation's social, economic, and political ideals. They dominated government officials, controlled law enforcement agencies, and elected and controlled legislators, exacting favors in the form of grants and favorable legislation.

The business monopolies of that time had the identical kind of principal support that Monopoly Unionism in our time has had; the deliberate assistance of the Federal Government with the aim of rapidly expanding our young economy.

By 1900 **one** powerful group alone acquired about 90% of the oil refineries in the nation, along with 90% of the nation's pipelines. By 1900, it was estimated that just **two** financial groups dominated the field of banking to such an extent that it was almost impossible to launch any new big business enterprise without the help of one or the other.

Though many of the major combinations of business and industrial enterprises were legal and, in many cases economically desirable and necessary, the financial gyrations of men like the notorious Jim Fisk aroused public indignation and left a public relations after-taste which continues to plague business to this day.

Jim Fisk not only ground out more than $20 million of worthless Erie Railroad stock on the printing press in his basement, he also conspired to corner the gold supply of the nation. He cynically displayed his political power by placing the equally notorious Boss Tweed of Tammany Hall on the Erie Railroad's Board of Directors. This power display was so vulgar that the editorial cartoons inspired by Fisk and Tweed, notably those of Nast of the New York World, have come down to our day as classics of anti-business sentiment.

An example of the power, dishonesty, and ruthlessness of monopoly was shown in some areas of the important and growing railroad industry of the 1880s. It brought about the following results:

(1) Watering of railroad company stocks, with substantial losses to the investing public.
(2) Ruinous rate wars, aimed at crushing competition. In 1885 the fare from St. Louis to Chicago was knocked down to $1. When competition was crushed, the railroads raised the rates and charged "all that the traffic would bear," a phrase that has come down to us from that day.
(3) Discrimination between individuals and communities. Rebates were given to certain shippers to help them destroy their competitors.
(4) Influencing politics and corrupting legislators, judges and other officials.
(5) Graft on a grand scale, especially to construction companies.

An example of the latter, a construction company was organized to build the Union Pacific Railroad. In its organization were some of the influential stockholders of the Union Pacific itself. Through unfair measures, the company obtained contracts for the construction of the railroad. Rumors of excessive profits were public and there was danger of an investigation by Congress. This was prevented, however, by a Congressman who just happened also to be an official of the construction company. He distributed shares of stock to other members of Congress. Those shares, during a single year paid dividends several times their par value—but they were sold at a very low price, or given free, to party leaders, committee chairmen, and other government officials, in return for favors received.

Public Favored Regulation

Practices like these created public opinion in favor of regulation. The first of these regulatory laws, the Interstate Commerce Act, came in 1887. But while this brought regulation to the railroads, it had no effect in other areas of business. The States individually became indignant, too, and 25 of them passed anti-trust laws by 1890. But these were largely ineffective against the big consolidations of power and capital.

President Harrison, in his Message to Congress in 1889, directed the attention of that body to the trusts and their activities. In 1890, Congress passed the Sherman Anti-Trust Act, making illegal every combination or conspiracy in restraint of trade or commerce among the several states.

When John Sherman introduced the Anti-Trust Bill, he said something that might well be applicable today:

"Society is now disturbed by forces never felt before . . . Congress alone can deal with the Trust, and if we are unwilling or unable, there soon will be a Trust for every production and a master to fix the price for every necessity of life."

Even though the Sherman Anti-Trust Act was passed, Monopoly remained an important factor in the nation; for Monopoly dies hard. Some of its proponents found in New Jersey, Delaware, West Virginia, and Maine, new laws which were friendly to consolidations.

The public once again began to be concerned about monopoly.

This climate of public opinion made it possible for the "muckrakers," a group of opportunistic journalists and writers to become famous and wealthy by exposing corrupt business practices and the sins of business monopoly power. Writers like Frank Norris, Ida Tarbell, Thomas W. Lawson, Roy Stannard Baker, and Upton Sinclair had their hey-day—and left an anti-business sentiment upon the public which partly persists to this day.

By 1912, people once again became anxious about monopoly power in business. Woodrow Wilson, campaigning that year, said:

"A comparatively small number of men control the raw materials, the water power, the railroads, the larger credits of the country, and, by agreement bandied around among themselves, they control prices."

This was a damaging statement, indeed, and in the Wilson Administration came the Federal Trade Commission Act, in 1914, which provided for the establishment, in the following year, of the Federal Trade Commission as an independent administrative agency. In 1914 Congress passed the Clayton Anti-Trust Act. This law was designed to supplement the Sherman Act. It prohibited practices which tended to produce monopoly. However, the law **specifically exempted labor and agricultural organizations** from the operation of the anti-trust laws.

Check-List

The Minutes of the Last Meeting are thus complete. Let us check them against the manifestations of Monopoly Unionism, which we considered earlier, and which place it against the public interest:

(1) Did business monopoly restrain, rather than uplift, the individual? **Yes.**
(2) Did business monopoly obtain from government legal and quasi-legal support in the forms of special laws and preferred handling? **Yes.**
(3) Did business monopoly obtain exclusive control of goods and services and did it deny the benefits of such to other segments of the economy? **Yes.**
(4) Did business monopoly obtain powers of coercion, by law or economic strength, enabling it to dictate at will to other segments of the economy? **Yes.**
(5) Did business monopoly exact tribute from other segments of the economy in payments for services not rendered, in tribute for favors conferred or violence withheld, and in higher prices? **Yes.**
(6) Did business monopoly attempt to impose its power, philosophy, and ambitions upon its benefactor: government? **Yes.**
(7) Did business monopoly place its own interests above the interests of groups equally important to the economy and even above the interests of the whole society? **Yes.**

Thus, as now with Monopoly Unionism, business monopoly then stood indicted on all seven counts as having been against the public interest.

But **The Minutes of the Last Meeting** include also the means by which the Congress found it possible to put an end to business monopoly and its abuses, namely, the anti-trust laws. These laws were designed expressly to curb and prevent monopoly power and they are being more rigidly enforced today than ever before.

Public Is Uninformed

Unfortunately, the American public is not yet aware of the problem of Monopoly Unionism, but it is becoming very familiar—even painfully familiar—with one of its by-products, namely, wage-push inflation. As a matter of fact, five investigating committees of the Federal Government are now looking into this matter.

Yet, as Robert C. Tyson, Chairman of the Finance Committee of the United States Steel Corporation, put it last month:

"Hardly anyone has the temerity to assert that the obvious way to stop cost-push inflation is to restrict the labor monopoly power behind the push, in the same fashion that America has always restricted other monopoly power threatening its welfare. Such determined obliviousness to the obvious in itself attests the great propaganda and political power the union leaders already have achieved."

In spite of all the public clamor against wage-push inflation, in spite of Congressional Committee investigations, and in spite of the growing attention being given to Monopoly Unionism in the press, it is still difficult to discuss unionism without emotion. For example, writing in a special section of the "New York Times," on May 17, David Dubinsky still felt impelled to say: "Our Union, like most unions in America, came into existence in response to a deep human emotion: the worker's passion to be respected as a human being and to participate in determining and improving his working and living conditions. For this passion they required no evidence from statisticians, economists, time-study experts, or lawyers. The Garment Worker's burning ambition for economic freedom was born in the foul air of the sweatshop, in the bark of the boss, in the cold pangs of hunger. Out of this anger and frustration arose the union."

Change in Unions

That great union was formed more than 40 years ago. By this time, the smell of the sweatshop, the bark of the boss, and the cold pangs of hunger must be faint indeed for the 442,901 members of a solvent and solid union, holding contracts with 12,300 factories, and with net assets of more than $60 million!

"Our big unions need help," said Henry Ford at Yale University in February. "The first step is to relieve them of the burden of monopoly power so that once again they will meet management on the basis of real power equality, and competitive market forces can work to keep profits, prices, and wages in balance. To do this requires sound action limiting monopoly power of unions. Such action would also help to correct the abuses that unrestricted power has made possible in certain unions."

The problem of Monopoly Unionism will have to be met and solved by the people of our nation before we can confidently take off on the next big cycle of economic growth and progress. What should we do about it?

What We Must Do Now

One thing we can do, one thing we **must** do, is to bring Monopoly Unionism to the light of day. We must point out that racketeering, conspiracy, lawlessness, and contempt of the public generally are but consequences of monopoly power—as they always have been in the past.

Two weeks ago, as I mentioned before, Senator McClellan called for an anti-trust approach, citing the case of the newspaper delivery situation in New York. This, as I said, was the cause of Mr. Hoffa's explosion in Texas. This is a hopeful development on both counts!

Monopoly Unionism must be ended. If we talk about it openly and explain it, over and over again, I feel sure we will ultimately help the public recognize its dangers. In this we are receiving great help by the actions of certain union leaders themselves. We should be thankful for the AFL-CIO's characterization of Inflation as a "phony." We should be further thankful for the daily revelations of unmatched power in the hands of Mr. Hoffa.

We have made some progress in showing what Monopoly Unionism is. Wage-push inflation has been highly revealing; it has put a public spotlight on one of Monopoly Unionism's principal consequences. If we can make Monopoly Unionism publicly visible for what it is: a monopoly against the public interest, then I honestly believe the general public will bring pressure on Congress to do the obvious thing, as Bob Tyson mentioned, and give the unions the help urged by Henry Ford, by applying to Monopoly Unionism the restrictions of the anti-trust laws.

Then and only then will we strike at the roots of the problem —as the nation did in the case of business—the elimination of the power that corrupts and destroys, the power of monopoly.

First Stock Offering Made on Behalf of Florida Realty Corp.

Public offering of 275,000 shares of Investment Corporation of Florida common stock at a price of $4.50 per share was made June 2 by an underwriting group jointly headed by Aetna Securities Corporation and Roman & Johnson. The offering marks the first public sale of the common stock of the company.

Net proceeds from the financing will be used by the company for the development of its real estate properties. The balance of the proceeds will provide additional working capital for the company.

Investment Corporation of Florida was formed in June, 1956 for the primary purpose of investing in and developing Florida real estate. Its principal office is in Fort Lauderdale, Broward County, Florida. The company's charter provides, however, for diversification of its investments in other fields as may be recommended by management and approved by the board of directors. The main scope of operations, however, has been and will be the acquisition and development of land in the state of Florida. This development has consisted of the promotion and construction of cooperative apartments and homes and it is contemplated that other developments, on carefully selected land parcels, will include construction of other rental units including homes, apartments, motels, hotels and light industrial buildings. This building program for rental and lease, may be held either for investment yield or sold.

$40 Million Bonds of Los Angeles County Offered to Investors

An underwriting syndicate headed by Bank of America N.T. & S.A. merged with The Chase Manhattan Bank group and the Lehman Brothers-Harriman Ripley & Co., Inc.-Halsey, Stuart & Co. Inc. account to buy the $40,000,000 Los Angeles County flood control district bonds on June 2. The merged syndicate included First National City Bank of New York, Bankers Trust Company, Harris Trust & Savings Bank, American Trust Company of San Francisco, Security First National Bank and California Bank, Los Angeles.

The merged syndicate bid a premium of $22,369 for $30,000,000 of straight 4% bonds maturing May 1, 1960-1983, or a net interest cost to the District of 3.93%. The combined group bid a premium of $4,701 for $10,000,000 of straight 4% bonds maturing March 1, 1961-1989, or a net interest cost to the District of 3.99%. The bonds were reoffered to investors to yield from 2.40% to a dollar price of par, according to maturity 1960-1989.

Proceeds of the bond sale will be used for various flood control purposes. The Los Angeles Flood Control District includes 99.2% of the assessed valuation of Los Angeles County, the largest urban area in the West. About 41% of the assessed valuation is in the City of Los Angeles and over 80% in incorporated cities.

Bank of America N.T. & S.A. and the underwriting accounts it manages have bought more than $629 million of California State and Municipal bonds in the past 12 months. The Bank and its syndicates through their practice of bidding on virtually all California Municipal bond issues, provide an assured source of funds for needed Civic improvements and public projects.

J. H. Baum Opens

TIFFIN, Ohio—James H. Baum is engaging in a securities business from offices at 29 Frost Parkway under the firm name of J. H. Baum & Co.

Hensley, Partner in Carl M. Loeb, Rhoades

Carl M. Loeb, Rhoades & Co., members of the New York Stock Exchange, announced that Gordon H. Hensley has been admitted to general partnership in the firm. Mr. Hensley was formerly a partner in Gross & Co.

Forms Durant & Co.

DETROIT, Mich. — Richard Durant is engaging in a securities business from offices in the Penobscot Building under the firm name of Durant & Co. Mr. Durant was formerly with Campbell, McCarty & Co. and Fordon & Aldinger.

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As We See It

the few whom Moscow, for one reason or another, would like to destroy or bring under its rule.

Related also to all this are our foreign aid programs about which there is now so much and so bitter controversy. The Kremlin has of late years been engaging in a foreign aid program of its own, designed to provide help of a sort where it believes most will be accomplished. The general theory behind our own foreign aid operations has been that hungry peoples are likely to be discontented peoples, much more ready to listen to the blandishments of Moscow which cunningly suggests that by aping the communist states they can presently match the blessings now enjoyed by western peoples. Of course, our non-military assistance has not been confined to these outlying regions, but was of major proportions in devastated Europe. Whether and to what extent it has as yet proved to be worth what it cost is a matter about which opinions still differ widely.

A Real Problem

This whole matter of the teeming hundreds of millions of backward peoples still living in poverty and misery does constitute a problem for the remainder of the world. It would be a problem in one sense, although not so threatening a problem, even if the communists were not so determined to make use of it for their own purposes. It is a problem which has existed in one form or another since modern civilization began. The undeveloped and unused resources within the domains of these benighted and unfortunate peoples were once a great attraction for foreign capital. Its exploitation without very much regard for the natives of these regions was in essence the "imperialism" about which we now hear so much and which is now often without much warrant condemned as an unmixed curse.

In considering the welfare of these backward peoples, there are a few inescapable truths all too often overlooked. One of them is that the establishment of breadlines, so to speak, in any or all of these regions will leave the problems just about where they were before. Some appeasement of unrest temporarily may occur, and thus untoward developments for a time postponed, but not much more than that can be expected at best. Even the United States with its great productive power could not make much of a dent in the poverty of, say, India, even if it proceeded at a feverish pace and held its own people to a Spartan life. There are too many people in India, and their poverty is too great. And, of course, India is but a part of the world of poverty and misery.

Times Have Changed

A second fact, which so few of our political leaders seem to understand, is that the resources of these backward lands cannot be developed and exploited under existing conditions in those countries by any such program of capital export as used to be commonplace. It may or may not be that in times past capital exported to such parts of the earth was used solely, or nearly so, for the benefit of those who supplied it. The fact is, though, that the risk of such export now usually is far too great for private interests—and correction or elimination of earlier abuses where they existed is no guarantee at all of fair treatment for such ventures in this day and time and under conditions which exist in many of these lands. Seizure, confiscation, destruction and the like all too often occur.

Nor does government grants and control of such loans or capital investment alter the basic nature of this situation—except possibly to make matters worse. Almost every day we hear some politician asserting that our aid, or more of it than at present, should be in the form of loans. We have several so-called international institutions designed in final analysis to pump dollars into undeveloped regions. Merely to label gifts loans does not alter their basic nature. The placing of capital abroad and making it work in the production of goods and services needed by backward peoples—and thus helping them reach the point where they can buy the goods thus produced is a technical task that requires the best in business judgment and experience.

Of course, the communist nations face the same difficulties, and short of virtual enslavement of local populations, can do less even than can we to relieve the situation which assertedly is the motivating force of their actions. And, of course, if they intend—and that is what is in their mind— to make slave labor out of the peoples they profess to help, they will have their hands full making the wheels go round. They have developed a technique of setting up puppet regimes for such purposes as these, but if one may judge by what they have been able to accomplish in East Germany, Poland, Czechoslovakia and the other satellite countries, the future of peoples they plan to "save" in any such way is not particularly bright.

To sum it all up: the economic salvation of these unfortunates is quite impossible except by themselves—with help and guidance from abroad, to be sure, but their fate in the end is in their own hands.

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A Telephone Man Takes A Look at the Future

or six manufacturers who make the apparatus and equipment the operating companies use.

I think the Bell System would be the first to acknowledge the contributions to the art by the independent segment of the industry. Our own Automatic Electric, for example, is the originator of the dial telephone. Yet Bell is so big that I never speak of the over-all picture but what I am reminded of a story of the elephant who was crossing a not-too-strong bridge. On his back enjoying the ride was a flea. When the two got on the other side, the flea said, "Say, big boy, we sure shook that bridge, didn't we?"

But speaking of the telephone industry, I think you will find these facts just published by our friends at Bell most interesting. There are 118,000,000 telephones in the world. Sixty-four million of these—nearly 55%—are here in the United States. With only 7% of the population, it's plain that we have the most—and I am just as sure—the best communications to be found anywhere. At least we must be the talkingest folks there are.

I was particularly interested to see how we compare with Soviet Russia. The U.S.S.R. with over 200,000,000 people, has only 3,-558,000 telephones. Our own General Telephone System has more than that. But there, I hope, the comparison ends.

I also recall reading a short time ago that they finally got around to publishing a telephone directory for Moscow—and even then it is an incomplete one. It also has one other limitation: there is only one copy and it is located in the post office. As if this weren't enough, none of the government departments have central switchboards, and it is quite conceivable that a Moscovite can spend the better portion of his lifetime trying to contact the right person in the government, assuming that he is brave enough to try it in the first place.

When one looks ahead to the future of the industry, we must think in terms not only about the new things we will do some day, but we must keep in mind plans already under way, plans of such long-range character that their full effects will not occur for years. One such development, and certainly the most important one, is the arrangement by which subscribers can complete long distance calls to practically any telephone in the country without the help of an operator. Of no little importance in this connection is the fact that as toll traffic increases — and, incidentally, it grows out of proportion to population growth—there is the very real and practical problem of finding a sufficient number of young ladies to "man" the switchboards. This problem, at times, has been without solution and of concern to our national security. But it is a problem which diminishes as message toll traffic is automated.

Here is a startling fact: If it were not for the mechanization of the telephone system and the elimination of manual operations, there would not be enough women in the U. S. between the ages of 18 and 45 to handle the switchboards.

I would also like to remark on a few of the interesting aspects of the telephone business as such. For one thing, the habit of using the telephone steadily grows. One reason for this is the simple fact that as the number of telephones per 100 population increases, the number of people who can be called from a given telephone also increases and with that, the value of the service. It is a sort of chain reaction—and the net result is that the spread between what must be charged for the service and the value of that service continually widens.

Another interesting aspect is that nearly 80% of the U. S. households have telephones now. This would suggest that we are reaching saturation. However, a percentage such as this doesn't tell the whole story because it does not reflect expanded traffic nor the trend toward two-line homes and multiple extensions. And this is further accentuated by the many new services and conveniences offered by the telephone industry, both to the resident subscriber and the business concern.

So far I have been discussing communications technology, but technological progress is not enough. We can state with certainty that electronic switching, for instance, will reduce the size of our exchanges, cut maintenance costs and reduce the amount of copper to use. It will also improve service. There is no question, therefore, that it is highly desirable.

Warns of Man-Made Barriers

But none of these advancements may come to pass unless a brake is placed on the cost of things. Every move we make in the area of improvement is negated by the rising costs of labor and materials—not only in our own operations but in the thousands upon thousands of other companies who supply us goods and services.

Sees $750 Billion GNP in 1970

To reach the high goal set for the future — the potential gross national product of $750 billion by 1970—will take an enormous amount of money. In fact, on the basis of all reasonable standards, on a unit basis, the cost of what we have attained to date has been far too high. This is one of the insidious effects of inflation, and it imposes a serious problem and question not only to us but to every citizen.

High among the lessons we should have learned is that inflation is a costly business stimulant. It has the short-range palliative qualities of a drug—and all the direful after-effects of one. Even the smallest induced amount —(**"controlled,"** "did they say?") is bound to lower the purchasing power of every segment of our economy. By leaving us with dollars that buy very little, it robs each of us of a portion of his earnings. In short, by dint of prodigious effort, inflation manages to produce more of less.

Inflation will not be eradicated, but it can be arrested. This can be done, in part, by putting an end to unnecessary government spending. It can be arrested by leaving a larger part of the national income in the hands of the people who earn it—thus enabling them to buy more of the goods and services they want and need.

There is no question that excise taxes could easily be eliminated or reduced and that income taxes — corporate and private — could be modified broadly and on a lower basis. The stimulus to private enterprise flowing from such a program would be of enormous and lasting benefit.

In the May, 1959, issue of the "Journal of Accountancy," Maurice H. Stans, Director of the Bureau of the Budget of the United States, in an article entitled "The Federal Budget: The Deeper Issues" said, in part:

"Deficit budgeting is a breeder of malignant public debt, growing interest costs, and erosive inflation. All of these, if unchecked, deprive the national economy of its vigor, and have the effect of chaining a portion of the national income to nonproductive purposes. Such an economy is denied its normal growth, and all of its sectors are strained to carry the burdens of one.

"We should set out to reduce the debt in periods of high prosperity. Thus the goal of proximate balance over a period of years requires sizable surpluses from time to time. This is true flexibility, harnessed to responsibility. It is the only route to economic stability and continued security.

"Government can do much to foster the gains our people all want to see, whether it is in the field of outer space research, the achievement of commercially feasible nuclear power, the attainment of safe air navigation, or support of an International Geophysical Year. The issue boils down to this: for every new public service that government undertakes, provision must be made for the revenues to support it. Our genius for government has not yet discovered a method of fiscal sorcery through which government can give something for nothing."

Certainly what Director Stans says bears out and gives force to the point I am making.

Inflation . . . high taxation . . . and unnecessary government spending — these are the real threats to our economic well-being. These are the forces which we must fight aggressively before we will be able to move on to higher ground.

Recently President Eisenhower again emphasized the challenge facing all of us when he said, "A balanced budget is the minimum target that we are looking for . . . we ought to be getting some surpluses, we ought to be paying off something on our debt. The Federal Government simply must do its duty if we are going to preserve the kind of economy that we like to call a free competitive economy. And if **all** of us don't demand from labor, from business leaders, and from the Congress the kind of sensible, reasonable, needed action that all of us know to be necessary here, each one of us — 'not just some other person' —is going to be hurt immeasurably."

There is no question about our ultimately winning the battle, but it will take a lot of soul-searching and a lot of doing, and it will be the only way we can assure the survival of the Free World.

I am reminded in this connection of the beautiful words of "The Onset" by poet Robert Frost. Having described with accurate vividness the effect of one of the devastating New England blizzards and how the snow later succumbed to the warmth of Spring, he wrote these triumphant words:

"The Winter death has never tried the earth but it has failed."

And so it is with us in our constant race for national survival, if we will it so—Spring will always come again — the Winter death will ever fail.

Hermes Electronics Common Stock Offered For Investment

Public offering of 150,000 shares of Hermes Electronics Co. common stock at a price of $4.50 per share was made June 2 by C. E. Unterberg, Towbin Co. and associates. The offering marks the first public sale of the company's common stock.

Net proceeds from the financing will be used by the company for the prepayment of a 5¾% note due Sept. 30, 1959 outstanding in the amount of $135,000 and the payment of short-term bank notes outstanding in the amount of $350,000. The balance of the proceeds will be used for general corporate purposes, including the purchase of additional equipment and machinery.

Hermes Electronics Co. was organized in Delaware on May 2, 1955 to undertake research and development in certain areas of communications, electronics and physics and to develop and market specialized electronic components and related products. Its present name was adopted on May 1, 1959. It manufactures three lines of products—crystal filters, digital units and stable frequency sources. Sales of the company's products and services include sales under direct contracts with each of the Armed Services and subcontracts with prime government contractors. Executive offices and manufacturing facilities of the company are located in Cambridge, Mass.

On completion of the current financing, outstanding capitalization of the company will consist of $200,000 of 5% ten-year sinking fund debentures due July 1, 1965 (convertible); 9,000 shares of $5 cumulative convertible preferred stock, and 884,854 shares of common stock.

Federal Home Loan Bank Notes Offered

To provide additional funds to meet continuing substantial demand for home mortgage money, public offering was made June 3 of $124,000,000 Federal Home Loan Banks 4½% consolidated notes dated June 15, 1959 and due March 15, 1960. The notes are priced at 100%. The offering is being made by the Federal Home Loan Board through Everett Smith, Fiscal Agent of the Home Loan Banks, and a national group of security dealers.

Upon issuance of the notes, outstanding indebtedness of the Home Loan Banks will total $995,950,000.

New Branch Office

CAMDEN, N. J. — Hallowell, Sulzberger, Jenks, Kirkland & Co. have opened a branch office at 142 North Broadway under the management of Wendell Polk and Morton N. Black.

Now Balogh & Co.

WASHINGTON, D. C. — The firm name of The Matthew Corporation has been changed to Balogh & Company, Inc. Offices are now located in the Woodward Building.

$50 Million Bonds of Public Service Electric & Gas Co. Marketed

The First Boston Corporation and associates offered publicly on June 3 an issue of $50,000,000 Public Service Electric and Gas Company first and refunding mortgage bonds, 5⅛% series due 1989, at 101.931% to yield 5%. The group was awarded the issue at competitive sale on a bid of 101.283% for the 5⅛% coupon.

Proceeds from the sale will be added to the general funds of the company and used by it for its general corporate purposes, including payment of a portion of the cost of its current construction program, which, as of Feb. 28, 1959, is estimated at $320,000,000. Of this amount, approximately $134,000,000 has been or will be spent in the last ten months of 1959 and the remainder in subsequent years.

The bonds are redeemable at regular redemption prices ranging from 106.94% for those redeemed prior to June 1, 1960, to 100% for those redeemed on or after June 1, 1988; and at special redemption prices ranging from 101.94% for those redeemed prior to June 1, 1960, to 100% for those redeemed on or after June 1, 1988.

The company is an operating public utility company engaged in the electric and gas business in New Jersey. In addition, the company owns all of the outstanding capital stock of Public Service Coordinated Transport, which operates a mass bus transportation system that serves areas in New Jersey and extends to New York City, Philadelphia and Wilmington.

Total operating revenues of the company for the 12 months ended March 31, 1959 amounted to $352,434,253 and net income to $38,652,916, compared with $344,033,787 and $35,310,089 for the calendar year 1958.

Giving effect to the sale of the new bonds, capitalization of the company as of Dec. 31, 1958 was: $671,470,600 in long-term debt; 999,995 shares of cumulative preferred stock, par $100; 2,531,833 shares of $1.40 dividend preference common stock, no par value; and 12,911,665 shares of common stock, no par value.

Corp. Bond Traders To Hold Outing; New Officers Named

The Corporation Bond Traders Club of New York will hold their annual outing on June 12 at the Nassau Country Club, Glen Cove, Long Island.

The new officers for the coming year are:

President: Paul J. Lane, Kidder, Peabody & Co.

Vice-President: John F. McCormick, F. S. Smithers & Co.

Secretary: Daniel D. McCarthy, East Dillon, Union Securities & Co.

Treasurer: J. Andrew Hachtmann, Wood, Struthers & Co.

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Become Active in Politics To Stay Active in Business

to hobble, and even to destroy our system of free economic choice.

This is a power of attorney to alter our lives in every way, because it is a power of attorney over our free competitive enterprise system, our freedom of economic choice.

The businessman has the right, and not only the right, but the duty, to use his citizen's responsibilities in our system of government to see to it that the people we elect are people who understand and appreciate our freedoms, who will use the power of attorney, and all the fine print provisions that go with it, to preserve and defend and improve free enterprise. This is *why* the businessman should be actively engaged in politics, and it is the *way* he should be engaged in politics. He has no more right than has anyone else to try to impose his personal business interests upon government. But the businessman has every right to defend through the ballot our climate of economic freedom and our free competitive business system.

And yet, how many of us really take the time to know and evaluate the capacity, intelligence and ideals of the representatives to whom we assign such power over ourselves?

Worse yet, how many of us truly work to assure ourselves that our choice will not only be elected by the majority of voters in our area, but will also be assured of the support of a like-minded majority of the entire group in the Congress, the Legislature, etc.?

Powers Apathy Signs Away

Why is this so important? What are some of the powers you have signed away? How vitally can this power of attorney with the fine print in it actually affect your personal lives and affairs?

Take for instance just one thing: Taxes. Taxes are inseparably tied to government spending, balanced or deficit budgets and the national debt. All these taken together add up to our government's fiscal responsibility, to inflationary pressures, to sound or fiat money, and to the entire economic climate in which you are trying to run a business and work and live.

Taxes and government spending are inseparable. Spending must be followed in equal amount by taxes, sooner or later, inevitably, if our country is to remain solvent and if our precious freedoms are to survive. The great preponderance of our taxes come from earnings of business, earnings from jobs in business, and earnings from those who serve in one way or another business and the people in business's jobs. Good profits and good personal earnings and wages are the foundation for the support of our government and everything it does. Where would we be in America without good earnings in business and jobs?

There are many ways in which this money collected in taxes is spent. By far the greatest amount of money spent in government operations is for the military security of our country. I have always believed that this country should and can well afford to spend whatever may be required to provide a powerful posture of defense, adequate, together with the strength of our allies, to so obviously overpower the aggression of any group in the world that their mere thought of military aggression will be emphatically deterred.

But I have never believed that the pursuit of this objective should be permitted to become a cloak to cover extravagant or wasteful spending. We must not confuse mere spending with improved defense.

We must realize that to the extent our defense spending involves unnecessary duplication in programs, weapons or research, or excessive maintenance of outmoded methods, equipment or personnel, we damage ourselves not only in terms of money, but what is more critical, in terms of defense.

There are hard decisions to be made between what is really necessary and what is merely desirable, what is enough but not too much! Some one must weigh and reach a balance that will be abundantly adequate for the present while avoiding excesses that would jeopardize the future. Some one must make the final decision as to what is appropriate for the time.

Urges President Be Supported

Fortunately for America, for you and for me, we have now in charge a man trained in military science, the greatest winning military leader of the greatest military conflict of all time, who also has the balance of a comprehension of sound economic necessity and an overwhelming devotion to the maintenance of our free competitive way of life, Dwight D. Eisenhower, the President of the United States! There is no one in this world who has an equally broad background of training and experience.

President Eisenhower deserves your active, full support, the support of everyone, regardless of party, in keeping within the limits of government spending that he has set in his budget, now pending before the Congress. Are you doing all you can to help?

Why is a balanced budget so important? It is important because the budget involves *all* the activities of your Federal Government, and its balance or lack of balance is fundamental to the fiscal responsibility or lack of responsibility of our government. If the government does not give the right, the responsible and creative lead, who will? And if the budget isn't balanced in times like these, when will it ever be balanced? Fiscal responsibility by our government *now* is essential to fostering the confidence of our people and the rest of the world in our belief in the importance of sound fiscal management. It will reinforce continued confidence of our people and the rest of the world in the obligations of our government, in the dependability of the dollar, and be a firm indication to the whole world that we practice what we preach.

These are national interests, not party interests. Businessmen should be actively promoting the national interests in freedom of choice, in sound fiscal policies and sound monetary policy in *both* parties. The importance to the strength of this nation of a healthy climate for business is far too great to be the policy prerogative of only one major political party.

It is business that must mobilize the savings and direct the expansion by which we provide jobs for those already in the labor force and for approximately a million new people who seek new jobs every year. It is business that must seek, find and put to work through the savings it makes and the savings it mobilizes, the new production methods that increase our productivity—and it is only from increasing productivity that we can raise our standard of living while at the same time paying our increasing social costs and paying the bill for adequate defense.

Everything we do through government, as private persons, or as communities, as states or as a nation, must be paid for by the taxes that our free economy provides.

Taxes take, as you well know, from a minimum of one-fifth to a maximum of 87% over-all of your personal taxable income. How seriously this will adversely affect our treasured opportunity in America and incentive and the vigor of future generations, only time will tell.

Left With Less Than One-Half

Your business is told by virtue of the fine print on the ballot that the political office-holders can more wisely spend more of your corporate earnings than you can. So you are left with less than half of your company's earnings with which to meet its obligations to its stockholders, to pay your investors for the tools their money bought, to buy new tools as the old become obsolete and must be replaced at much higher cost, to say nothing of the need for buying more tools to make more jobs for the growing population and to meet your customers' requirements for expanded production.

This all raises serious questions as to how, as time goes on, we are going to keep our business competitive with costs in foreign lands, which are engaged, with our tax help, in rapid modernization, improvement and expansion. How are we going to tool up for continually more and better jobs? How can we keep unemployment from increasing as the population grows? And above all, how can individual productivity go higher and higher so that this country can pay our high wages and still make more and better jobs to produce better and cheaper goods to increase our scale of living?

These taxes can only be reduced if government spending is relatively reduced. *There is no other alternative!*

These high tax rates, together with the high and increasing costs of defense, raise the most serious questions whether we can longer afford some of the governmental extravagances to which we are growing accustomed. During the last four years, our spending for our most important military security has increased only 13½%, while government spending for the rest of the budget has increased over 45%, or more than $2,700,000,000 a year. While the cold war continues and we must spend so much tax money for our security, can we afford to *also* pay out such vast sums for so many of these other *desirable* but less *essential* expenditures?

Consider only a few examples:

Can we continue to pay out large sums for veterans for medical care that is in *no* way connected with any military service disability whatsoever?

Can we afford indiscriminate duplications in our welfare outlays in addition to the growing adequacy of our social security system?

Can we, to take a most painful example, afford to go on paying out many billions of dollars a year in agricultural programs that distort the economy while they raise the cost of food for everyone?

Surtaxes Support Agriculture

Now mark this! For fiscal year 1959 we will raise about $6 billion in Federal taxes from all surtax rates higher than the 20% basic rate. Our outlays for agricultural subsidies of one kind or another will eat up over $7,250,000,000 during the same period — over $5,250,000,000 being for price supports alone. In other words, agricultural programs take *all* the surtaxes paid by all the individuals above the basic 20% rate, and then some, and five-sixths of the outlay is for price supports for farm products.

The irony of this is that so little has been finally accomplished, but at least it has added eloquent evidence why we must not have any governmental experimenting in price fixing in the steel business as some have suggested.

There are many more examples that require the most serious consideration.

Politically Determined Costs

The American businessman must personally take a far greater, more active part in politics. The largest items in your cost sheet are fixed for you by political decree. Politically determined costs can price you out of your better markets. Politically determined regulations can restrict your exports and increase competitive imports against you. Bills are right now being urged in Congress that affect both your wage and pricing policies.

Wages are an important item of costs, which are more and more in competition with wages abroad. We no longer operate or sell in a vacuum. If any of our costs become non-competitive, it will simply mean moving jobs from Pittsburgh, Cleveland, Detroit and Chicago and other areas here at home, to Britain, Germany, other European centers, and even Russia. They will work and produce the goods, and we will have less business and fewer jobs.

Both wages and prices are subject to competitive limitations that will eventually control them, no matter how powerful a union may seem to be or what the price levels in an industry may be for a limited time.

Priced Out of the Market

Both labor and business can price themselves out of the market with distressing results—labor with a high rate and no job, and business with a high price and no sale, but equally destructive to both. However, in all cases, the responsibility of the government should only be to prevent monopolistic, restrictive or compulsory practices by either, or by the government itself, to the detriment of the public, or eventually the whole free system will be destroyed. Short of interference, the system is self-correcting and self-policing for the benefit of all concerned.

For instance, the theory is being advanced that if only a few producers make and sell a large proportion of the total of any article, that may prevent its pricing from being highly competitive. It is true that only a few makers are thus in competition with each other, no matter how bitter may be their battle for competitive position among themselves, but that does not make for so-called "administered pricing." That tells only part of the story. A new automobile is in competition not only with all other makes of latest model but with all other older models owned by millions of our people who periodically have their own cars for trade or sale. If the price and quality and all the other attributes of pricing are not sufficient to induce the buyer to buy the new car, no sale is made. But again, that's only a part of what must be considered in pricing. An automobile is not only in competition with all other automobiles, but also with a refrigerator, a television, new furniture, or an addition to the house, or even a new house. It competes with the whole scale of current living, down to whether the family buys extra new clothes or even a sirloin steak instead of a hamburger.

The new car must be highly appealing and attractively priced for the family to take on the extra cost of added monthly payments and sacrifice the new furniture, the TV and refrigerator or even fewer clothes or cheaper meals to do it.

Other competition limiting prices which is increasingly important in our world of technological advance is the competition of old with new or improved materials. Steel competes with aluminum, concrete, wood, glass and plastics. Cotton competes with synthetics, and the synthetics with one another and with paper, wool and silk. Paper competes with plastics, glass and steel for containers and other items, and so on and on. This kind of competition is nearly endless and it is more important every day.

Scoffs Prices Are Administered

The idea that a few people can administer prices in a vacuum for the American people with their great range of full freedom of choice is purest imaginative theory.

As long as their full freedom of choice is preserved to the American people and not restricted or arbitrarily curtailed, the growing strength and greater service from our whole competitive economic machine is assured. No governmental bureaus, committees or controls can begin to be so effective.

Public acceptance or rejection in a free market is the most potent influence in the world.

These are just a few of the many reasons why political activity, not once in four years, but day in and day out, must be made a large and important part of your daily business burden. It's not enough to occasionally issue wise pronouncements or full-page ads. Political decisions begin right in the precincts with the election of good people all along the line and they ultimately become the powerful voices that so vitally affect your future. Your own younger employees must be encouraged by you to take a more active part in politics in their own areas, and they will if they know the boss approves and is working at it himself.

You are being challenged by highly organized groups that are strenuously and seriously devoting themselves to the political task. They already have a good start. Highly organized, well funded labor groups are hard at work, seemingly without full realization of the disastrous consequences to themselves of failing to heed the simplest principles of competition. Theorists, high-minded, if you will, but wholly impractical, are filling newspaper columns, writing books and making speeches, with no practical experience and never having created a single job or met a payroll in their lives.

There are other powerful groups with a vested interest in high governmental spending, without regard for budgetary consequences or deficits or debts. All these and many more are busy now.

If you believe in our system of free competitive way of life, in the lasting power of sound economics, in the freedom of the individual to an opportunity to rise to any heights that his own merit, intelligence and hard work will take him, if you believe in a sound and solvent America that can meet Khrushchev's challenge to a war of production and trade as well as of military force, then it's time for you to put politics high on your active list, bend your back, and put hours of thought and effort on the job!

Talk to Employees and Stockholders

The sound, constructive things to do must be explained to all our people. It is entirely proper for business executives to inform their employees and stockholders at corporate expense where their best interests lie. It is not a violation of law to do so. The dangers must be pointed out to your stockholders and to your organization, to your own employees. Their broad understanding will be a mighty force. They must understand that poor business means poor jobs: that good business means good jobs, and that higher pay and better goods at lower cost come only from greater productivity and volume of sales. They must realize that our money is the medium of exchange which forms the basis of trade, and that if sound money deteriorates, it is destructive of trade and reduces jobs. They must be convinced that their best interests and good business are one and the same, and inseparable. They must know what national policies hurt business and therefore hurt them, and what are helpful to both. With this foundation firmly laid, you and they must be active in politics.

Political activity must not be shunned and left only to others. It must engage the high purpose of every patriotic citizen. It is the mechanism through which the great privileges of our precious freedoms are made to function. It's worthy of your best efforts and a lot of your time. If you will put the same effort into getting as good representation in politics, not only in your own area but for the nation as a whole, as you have in your own business, the problems will be few. You and your whole organization must learn that in this day and age, the fine print on the ballot requires that:

YOU MUST GET ACTIVE IN POLITICS IF YOU WANT TO STAY ACTIVE IN BUSINESS!

American Commercial Barge Line Secondary Offering Effected

F. Eberstadt & Co. and a group of associated underwriters on May 28 offered publicly 374,602 shares of $3 par value common stock of American Commercial Barge Line Co. at $25.50 per share. The stock is being sold for certain stockholders, who as a group will continue to own approximately 240,000 shares or about 16% of the company's stock.

The company and its subsidiaries constitute the largest water carrier system operating in the inland waterways of the United States (excluding the Great Lakes). Eighteen states are served on over 5,000 miles of routes along the Gulf Intracoastal Waterway and Mississippi, Missouri, Ohio, Illinois and Tennessee rivers and some of their tributaries. Commercial Carriers, a subsidiary, is a major carrier of automobiles by truck, another subsidiary is the only barge carrier of automobiles on the Mississippi-Ohio river system and another subsidiary, Jeffersonville Boat & Machine Co., builds and repairs barges and towboats.

American Commercial Barge Line resulted from the merger on Aug. 1, 1957 of American Barge Line Co. into Commercial Transport Corp. Since that time the company has paid regular quarterly dividends of 25 cents per share.

In the first three months of 1959 operating revenues were $10,902,000 and net earnings $876,000, equal to 58 cents per share on the common shares now outstanding, compared with $10,096,000 and $308,000, or 20 cents per share, respectively, in the March quarter a year earlier. For the full year 1958 these figures were $39,408,000 and $2,716,000, or $1.79 per share.

Now Media Inv. Co.

LOS ANGELES, Calif.—Jack L. Stoll is now conducting his investment business under the firm name of Media Investments Co., from offices at 6381 Hollywood Boulevard.

Dr. Brown Named Gov. Of N. Y. Stock Exch.

A distinguished educator, Dr. Courtney C. Brown, whose father held a seat on the New York Stock Exchange for nearly a quarter of a century, has been elected one of the three Public Governors of the New York Stock Exchange, Keith Funston, President of the Exchange, announced.


Courtney C. Brown

Dr. Brown, Dean of the Columbia University Graduate School of Business, succeeds Frank Hugh Sparks, President of the Council for Financial Aid to Education, Inc., New York City, who is completing his third one-year term as a Public Governor.

The other Public Governors of the Exchange are John David Biggers, Chairman of Libbey-Owens-Ford Glass Co., Toledo, Ohio, and Thomas J. Watson, Jr., President of International Business Machines Corp.

The office of Public Governor was created in 1938 to bring to the Exchange's Board a closer understanding of the public viewpoint and interest. The Board is composed of 30 other Governors representing the Exchange community, including the Chairman and the President of the Exchange.

Wall Street Athletes To Be Crowned Friday

Wall Street's golf and tennis championships will be at stake on Friday, June 5 at the annual Field Day of The Bond Club of New York. Tournaments will be played at the Sleepy Hollow Country Club, Scarborough, N. Y.

Several hundreds of the financial district's best golfers will compete for three top trophies—the Ex-President's Cup for low gross, the Candee Cup for low net and the Christie Cup for match play versus par. Some 25 other special prizes await lucky linksmen, according to Arne Fuglestad, Burns Bros. & Denton, Inc., in charge of two golf tourneys. One of these will be limited to senior players.

The round-robin tennis tournament for the Bond Club doubles championship will be directed by Wallace C. Latour, Merrill Lynch, Pierce, Fenner & Smith, Inc. Court play starts at 10 a.m. and the finals at 4:30 p.m.

Other sports events include horseshoe pitching, hole-in-one, putting, and trap shooting contests. Bond Club odds-makers say horseshoe pitching offers the best chance for a trophy due to the small turnout for this event. However, there is loot for almost everyone — nearly 50 prizes and awards are offered to contestants.

Forms Investaservice

Elizabeth Harris is conducting a securities business from offices at 11 West 42nd Street, New York City, under the firm name of Investaservice.

Edwin K. Lloyd Opens

MISSOULA, Mont. — Edwin K. Lloyd is conducting a securities business from offices at 111 Washington Street.

Jaffe, Leverton, Partner

Casper A. Rogers on June 4th will become a partner in Jaffe, Leverton, Reiner Co., 39 Broadway, New York City, members of the New York Stock Exchange.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Are we getting along to the time when holders of fire and casualty insurance stocks will begin to wonder when insurance stock dividends will be more in keeping with the income that the companies derive from their investment portfolios? These shareholders have seen corporations in general continue to up their payments, either in direct cash or as stock dividends, but few of them have seen the color of dividend increases on insurances.

It, of course, is known generally that dividends of insurance companies come almost 100% from the insurance company investment income; that the results coming out of underwriting, plus or minus, are what give the companies their long-term growth flavor. We know of only one leading insurance company that, over several years, formerly made a practice of dipping into underwriting profits to increase the cash payment, and the reason for doing so in this case was because underwriting profits were so large that the company was amply justified in doing this for the stockholder.

But incomes from investments among the fire-casualty companies have been generally increasing steadily. First, they have been receiving a greater volume of premiums and incoming money, at least in part, is put to work in the securities markets. Secondly, just as the industrial corporations have prospered in recent years and have passed on to their shareholders increasing amounts of their net profits, so has the investment income position of the insurance companies improved.

But what of dividends? A number of the insurance companies have been on the same old rates for a long time: Aetna Insurance 3 years; Agricultural 3 years; American Equitable, the same; American Insurance 3 years; Boston the same; Continental Insurance 4 years; Fireman's Fund 5 years; Glens Falls 7 years (allowing for adjustment); Great American 9 years; Hanover 4; Hartford 9; Home 6; National Union 6; New Hampshire 8; Phoenix 5; Springfield 8. This, as indicated has been in a period where shareholders in other fields have been doing so well with their dividends. Even the "staid" bank stockholders have seen steady, albeit modest, increases in most cases.

Of course, what has happened has been that the insurance companies have been confronted by at least three years of bad underwriting results, and when these results have been as bad as they were in this period, the managements are not merely loath to boost pay-outs; some of them consider it mandatory that payments of dividends be kept down. One cannot criticize them for this attitude, but it does not popularize insurance stocks to have so little paid out in dividends when income from investments is on the upgrade.

A tabulation relating dividend pay-outs to investment incomes for 1958 may be of interest:

	1958 Invest. Income	1958 Dividend	Ratio of Dividend to Investmt. Inc.
Aetna Casualty	$9.57	$2.40	25%
Aetna Insurance	6.16	2.60	42
Agricultural	3.15	1.60	51
American Equitable	4.17	1.90	46
American Insurance	1.99	1.63	82
American Surety	1.65	1.00	61
Bankers & Shippers	3.84	2.40	63
Boston Insurance	2.62	1.80	69
Continental Casualty	4.29	1.40	33
Continental Insurance	3.72	2.00	54
Federal	1.70	1.00	59
Fidelity & Deposit	2.19	1.78	81
Fidelity Phenix	3.66	2.00	55
Fireman's Fund	4.15	1.80	34
General Re Insurance	5.13	2.00	39
Glens Falls	2.68	1.00	37
Great American	3.74	1.50	40
Hanover Fire	3.99	2.00	50
Hartford Fire	8.31	3.00	36
Home Insurance	3.69	2.00	54
Insurance Co. of No. America	5.13	2.63	51
Massachusetts Bonding	3.95	1.60	40
Merchants Fire	1.96	1.60	82
National Union	4.05	2.00	49
New Amsterdam	7.90	1.90	24
New Hampshire	4.23	2.00	47
Northern Insurance	2.45	1.50	61
North River	2.77	1.40	51
Pacific Fire	3.81	2.40	63
Phoenix Insurance	6.30	3.00	48
Providence-Washington	2.28	0.30	13
Reliance Insurance	4.54	2.20	48
St. Paul Fire	2.18	1.20	55
Seaboard Surety	3.89	2.60	67
Security Insurance	2.33	1.00	43
Springfield Fire	1.48	1.00	68
Standard Accident	5.52	2.00	36
U. S. Fidelity & Guaranty	5.47	2.00	37
United States Fire	1.87	1.00	54
Westchester	2.28	1.20	53

As dividend pay-out ratios go, some of these are rather skimpy. And it doesn't look at this juncture that early dividend mark-ups will be the order; 1958 underwriting results were poor.

Butler, Herrick, Marshall To Admit James B. Carroll

Butler, Herrick & Marshall, 30 Broad Street, New York City, members of the New York Stock Exchange, on July 1, will admit James B. M. Carroll to partnership.

May, Borg Partner

Herman C. Frauenthal has become a partner in May, Borg & Co., 61 Broadway, New York City, members of the American Stock Exchange. Mr. Frauenthal was formerly a partner in Stern, Frauenthal & Co.

S. F. "Tapeworm" In 25th Edition

SAN FRANCISCO, Calif.—The San Francisco Tapeworm, humorous newspaper issued by the Bond Club of San Francisco, in connection with its annual outing is again off the press.


Houston Hill, Jr.

Editor of this year's issue was Houston Hill, Jr., J. S. Strauss & Co. Robert H. Rich, J. Barth & Co., was Chairman of the Publications Committee. Other members of the "Tapeworm" Committee were Lawrence Davey, Wells Fargo Bank, Thomas Hodgkinson, Shearson, Hammill & Co., Thomas Hough, Lawrence Prager, Bank of America, and Ivan Wing, Weeden & Co.

Edward Goetze, Frank Knowlton & Co., was Art Director.

The "Tapeworm" was printed for the Club by the San Francisco "Examiner" as in the past.

Glide Control Issue All Sold

Reilly, Hoffman & Co., Inc., New York City, has announced that all of the 300,000 shares of Glide Control Corporation common stock, recently offered at $1 per share, have been sold.

The corporation manufactures an automatic throttle for automobiles which maintains a constant speed on fairly level terrain. The device is designed to reduce driver fatigue during long journeys on turnpikes and other limited access roads.

Leavitt, Spooner Branch

SYRACUSE, N. Y. — Leavitt, Spooner & Co. has opened a branch office in the Seitz Building under the management of Lee K. Simon, resident partner.

Chilson, Newbery Branch

Chilson, Newbery & Co., Inc. has opened a branch office at 37 Wall St., New York City, under the management of Marcus Kahn.

Continued from first page

Who Says Steel Is Immune to Competition?

place. The other illusion, bearing on the first, is that steel companies can go on increasing costs year after year without eventually pricing themselves out of many vital markets.

In my opinion our industry has reached a point when these illusions must give way to the realities. We must face the fact that competition is rising—both from foreign steel and from the growing effort of producers of other materials to replace steel in domestic markets.

As I am sure all will agree, legitimate, fair competition is always welcome and desirable. It is a necessary force for the health of our economy.

Competition has been responsible, more than any other single factor, for our present industrial growth. And that growth is the cause of our present standard of living. That growth has thrust us into the role of world leadership.

In the process we have learned, the hard way, that our very survival depends on our ability to compete. We know that our industry, or any industry, must be competitive or die. There is no other alternative.

Competition in the steel industry takes many forms. Price alone is not always the decisive factor by any means. Quality, service, assurance of a dependable and continuous source of supply—these are often more important than price in the competitive picture.

Foreign Competition

But price cannot be ignored, and may even be a major factor in our competition with foreign steel producers whom we meet on the battlegrounds of trade both in this country and overseas.

The official government figures on foreign steel show the picture very clearly. Last year our exports of iron and steel products from this country were only half as large as they were in 1957.

During the same period the tonnage of iron and steel products imported into this country increased 50%. A recent report by our Department of Commerce shows that for the first time since early in the century, imports of foreign-made steel are now greater than the amount of steel being exported.

Our present inability to meet the prices of our foreign competitors is costing the industry dearly in tonnage and revenues. In turn, our employees are feeling the effects in the form of fewer hours of work. Some of them have lost their jobs.

What is happening in foreign trade is the result of a drastic change in the world situation in steel since the end of World War II.

In the years immediately following the war, foreign steel mills gave us little competition in world markets. Many of the plants in Europe and Japan were either destroyed or badly damaged during the war. Those which escaped destruction or damage in many cases were worn out and outmoded by the end of the war.

But now that situation has changed. Largely with American financial and technical assistance, those foreign steel producing facilities have been rebuilt, modernized and expanded. In addition new plants have been built by some nations which never before made steel.

The technology of these new and modernized plants now compares favorably with our own. And, of course, wages in most foreign countries are far below the wage levels here. . . .

Under present day conditions our industry must recognize two compelling factors as we compete with foreign products—comparable technology as well as lower wages.

The problem of rising imports and lagging exports is not peculiar to the steel industry. As one dramatic example, the following Associated Press dispatch was received under a London dateline on May 6—just three weeks ago:

"British exports to the United States exceeded imports from America in March for the first time since 1865, the year President Lincoln was assassinated."

Moreover, the opening of the great St. Lawrence Seaway is bound to increase competition still more as foreign producers take advantage of the lower transportation costs to the heartland of our country.

Such cities as Chicago, Cleveland, Detroit and Buffalo are expected to become busy seaports. As costly overland transportation is eliminated, the producers of foreign goods should be able to undersell our products at even lower prices than now prevail. This factor of lower transportation costs is another disadvantage for American producers in addition to lower foreign wage levels.

American steelworkers are among the highest paid industrial employees in the world. I am glad that they are. I am in favor of high wages, but I don't want to see American steelworkers price themselves out of the markets.

With American wages at their present high level, how then are we to compete with foreign steel producers with much lower labor costs? Obviously, we would not try to reduce the wages of American workers to the foreign workers' level.

Opposes Tariff Protection

Government action to curb imports is not the answer either. Even if politically feasible—which I seriously doubt at this time—I am convinced that erecting higher tariff walls is not the solution.

Theoretically, we *could* erect tariff barriers or quotas to prevent or restrict foreign steel imports. Such a course would be completely inconsistent with our foreign policy objectives. What is worse, it would be unrealistic, impractical and self-defeating.

The role of the United States in the world today requires that we expand, rather than seek to restrict, international trade. There must be freedom of access to raw materials. There must be opportunity for exchange of goods as well as people and ideas. Today's world of atomic energy, intercontinental missiles and space exploration will not permit us to retire into solitary confinement. In fact, we could not for long make steel at current levels if we would not import essential raw material components.

We need the world as the world needs us.

Keeping in mind the real nature of our problem—namely the leveled-up technology and low wages abroad—it seems to me the answer to foreign competition calls for two courses of action.

Favors Two Courses

One, our industry needs to bend every effort to further improve our own technology and efficiency and to keep our costs under control. Our costs must be more competitive in order to offset the wage differential abroad. When laws and regulations prevent this, as for example the present Federal policy on depreciation allowances, we should work actively to get them changed.

Keeping our costs under control means we cannot avoid consideration of relative labor costs. Between 70 and 80% of all costs of producing goods and services are labor costs—direct employment expenditures by producing companies, and labor costs incorporated in the cost of purchased raw materials. Last year, the steel industry spent 38 cents of its sales dollar for employment costs, and 42 cents for purchased goods and services. And remember that our tremendous taxes also include a substantial element of employment cost to state, local and Federal governments.

Consequently, the disparity in employment costs between our steel industry and those of foreign countries cannot be allowed to continue if we are to compete, not only in the world markets, *but within our own borders.*

Next we need to help and encourage to the fullest possible extent every practical effort to raise the standard of living in foreign countries—to lift the level of consumption and trade the world over.

Higher incomes and living standards for all peoples of the world will benefit us as well as those who are directly affected. So long as millions of people elsewhere on earth are living in poverty and want, there will be limits to our own progress.

Thus by helping under-developed countries we also are helping ourselves by opening new markets for our products.

Higher standards of living, with higher wages, will be an effective weapon against the further spread of communism abroad. And finally, these higher wage levels will ultimately help even up the competition we now face from abroad—providing further increase in our own employment costs can be avoided.

Favors Foreign Aid

Thus the great reasons for continuing our foreign aid are economic as well as social and political. Our objective must be to build markets, not destroy them. This, of course, is a long-range objective. It cannot be achieved overnight.

With these long-term objectives in mind, American steel companies planning to do business in foreign markets should adopt a definite export policy.

Suggests Steel Export Drive

Traditionally, our industry has been an in-and-outer in the world steel markets. We have been interested in exporting only when we had surplus steel available.

But customers abroad, like customers at home, want some assurance of continuity. The answer, it seems to me, is for interested companies to set aside a certain percentage of their annual tonnage for export, so that foreign customers can be assured of a continuing supply of steel.

Then, we should undertake to merchandise and sell that tonnage—as vigorously as we would sell in our domestic market.

Competition of Substitutes

I have said that the problem of competition is with us at home as well as abroad. I would like to explore this aspect of the problem for a moment.

As an industry, we are faced with the challenge of a new competitive marketing situation on the part of producers of other materials. In the period since World War II they have developed aggressive programs aimed largely at ultimate consumers and specifying authorities, such as engineers, architects and designers.

Among the most prominent of these materials are aluminum, glass, wood, plywood, plastics, pre-stressed concrete, copper, titanium, and magnesium—a formidable group of competitors, indeed.

These various materials do not yet compete with steel in all markets by any means. As a group, however, they are growing competitively stronger every day, penetrating markets once dominated or held exclusively by steel.

The producers of these materials are competing, and competing vigorously, to expand their markets. They have aggressive sales forces; they are doing everything possible to publicize and promote their products. They are spending more and more each year in intensive research to develop new products and improve present products.

Moreover, our competitors show imagination and resourcefulness. They are ever alert to opportunity. They are quick to seize upon and develop new trends in marketing.

Remember, that much of this competition from other materials has come about since the end of the war. Except for a few brief periods, the demand for steel mill products in these years has taxed our available capacity. With the completion of recent expansion programs the competition of other materials, like that of foreign steel, is becoming a matter of increasing concern.

Announces A New Function

In recognition of the seriousness of this problem, the directors of American Iron and Steel Institute approved on May 27, the establishment of a permanent staff position at the Institute—a position which has never before existed in the offices of the Institute.

The primary responsibility of this new job will be to develop, evaluate and distribute data on the present and potential use of steel products—both domestic and foreign. This new activity will serve to coordinate the work of various committees within the organizational framework of the Institute. The purpose will be to help member companies in their efforts to compete more vigorously and effectively in both domestic and foreign markets.

This does not mean to imply, by any means, that our industry has been asleep. Far from it. We have engaged in research and development of new products and new markets. We have improved many of our existing products.

But the times call for a vast stimulation of that effort all along the line. They call for consideration of increased expenditures for research and promotion in every single area where the competitive threat now exists.

The competitive contest will be decided by the public in the ballot box of the marketplace. The votes will be cast for steel or for competing materials on the basis of merit, service and costs.

We would be less than honest with ourselves if we did not acknowledge that there are *some* instances where *some* materials may deserve to be chosen over steel. Naturally, I cannot think of any off hand—but there may be *some.* In such cases the only sensible course is to face the fact and direct our efforts to areas where profitable results can be expected.

These are some of the reasons why I feel so strongly that we must get rid of two great illusions, namely, *one,* that our industry is wholly immune from the competition of foreign steel and other materials; and *two,* that we can let our costs get out of hand without reaping serious consequences.

Change is a basic law of nature and in my opinion changes of far-reaching significance in our competitive situation already are visible upon the radar screen of the steel industry.

Expresses Confidence

I have every confidence that this industry will recognize these changes and take the necessary steps to prepare for them lest its prosperity be impaired and the jobs of its employees be put in jeopardy.

In spite of all the problems I have cited, our industry is still on the march. Our prospects for the future are limitless. Pioneering is not dead; there are trails still to be blazed. New horizons are ahead as we enter an amazing new age and explore the mysteries of outer space.

Our industry has many enduring monuments symbolizing its strength and progress for more than a century. There are monuments to steel in our towering skyscrapers, in bridges and other structures. Steel in a thousand-and-one other products and uses—many of them quite humble—has made life easier for millions of people throughout the world. Steel will continue thus to serve mankind down through the years.

As an industry which is vital to our national defense, we have an added obligation to continue our progress to maintain our competitive position, to grow ever stronger and to help lead the way to a better and stronger America. In that course lies our best contribution to greater prosperity and happiness for all Americans and for other peoples of the world.

There is plenty of work ahead for all of us. Let us apply ourselves, and our resources, to that objective, and get on with the job.

Bidwell Vice Chairman Of N.Y.S.E. Board

J. Truman Bidwell has been elected Vice Chairman of the Board of Governors of the New York Stock Exchange, it is announced. He succeeds Jerome W. Nammack, a partner in the specialist firm of Sprague & Nammack, who has retired from the Board.


J. Truman Bidwell

Mr. Bidwell was elected to the Board of Governors for a three-year term in 1958. Prior to that he served from 1953 to 1958 as a member of the Exchange's Board of Arbitration.

The new Vice Chairman has held his Exchange membership since June, 1941. He has acted as an independent floor broker specializing in institutional business.

W. P. Bullock Opens

CHEYENNE, Wyo.—Warren P. Bullock is conducting a securities business from offices at 1509 Bent Avenue.

First Pacific Branch

SEATTLE, Wash.—First Pacific Equities Corporation has opened a branch office at 1331 Third Ave. under the direction of Miles Nelson.

Pasadena Corp. Branch

COVINA, Cal.—Pasadena Corp. has opened a branch office at 245 West Badillo St. under the management of William R. Kelley.

New Firm Name

JERSEY CITY, N. J.—Effective June 1 the firm name of Sloan, Rodetsky & Co., 26 Journal Square, members of the New York Stock Exchange was changed to Rodetsky, Kleinzahler, Walker & Co.

Irving Rice Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Kenneth H. Bayliss, Jr. has been added to the staff of Irving J. Rice & Company, Incorporated, Pioneer Building.

With Robinson-Humphrey

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—Benjamin T. Daugherty has been added to the staff of The Robinson-Humphrey Co., Rhodes-Haverty Building.

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There Has Been a Basic Change In Our World Trade Position

of the United Kingdom remains steady at 18% after having fallen continuously during preceding years.

We still have the biggest stake in manufacturing goods for export. Our competitive power has been based on heavy capital investment, the efficiencies of large-scale production, a highly skilled labor force, and technical leadership, so that our goods have been able to compete abroad despite the highest wage costs in the world. Hourly wages in manufacturing in the U. S. are three times as high as in the United Kingdom and almost four times as high as in Germany. It is true that wages have been rising abroad as well as here, but the significant fact is that, with our help, Western Europe and Japan have reconstructed their industries and installed the most modern labor-saving equipment. As they have expanded their markets, they too have been able to take advantage of the economies of large-scale production so that they have steadily whittled away the U. S. advantage. During the dollar shortage era, lower productivity and insufficient capacity abroad, together with the faster pace of inflation in some countries, made it possible for us to maintain our prices without it affecting our exports. But this is a matter of the past.

IV
Our Recent Foreign Trade Performance

Now that we have come to the end of the dollar shortage era, what are the consequences for our foreign trade?

Until quite recently, U. S. merchandise exports were running well ahead of merchandise imports. In 1958 our exports were almost $16.3 billion with imports at about $13 billion leaving a comfortable export surplus of $3.3 billion. On the other hand, we had a $4½ billion export surplus in 1956, and for reasons that I have already mentioned, a whopping $6 billion export surplus in 1957.

The trade figures for the first quarter of 1959 are disturbing. On the basis of figures for the first quarter, with March figures estimated, it looks as though our exports for 1959 will only be $15 billion as against the $16.3 billion of 1958. Instead of increasing, as many had expected, merchandise exports for the first quarter of 1959 will probably run about $400 million less than for the fourth quarter of 1958 which would be about equal to the figure for the smallest quarter last year.

On the other hand, merchandise imports, estimated at $3 billion for the first quarter of this year, are up $100 million from those of the previous quarter and up $500 million from those of the first quarter of 1958. While our exports seem to have lost their buoyancy, our imports are characteristically rising once again as business improvement has continued during recent months. The rise in industrial production which is one of the most significant indexes of our recovery, may be expected to continue, supported as it is by the growing volume of unfilled orders and general confidence in the business outlook. Under these conditions, imports are likely to increase and on an annual basis, may well reach $14 billion or about $1 billion over 1958.

If our exports and imports do in fact follow the trend indicated by these first-quarter figures, our export surplus this year will shrink to only about $1 billion.

V
The Cash Deficit in the U. S. Balance of Payments

The steady surpluses in our balance of trade lead many people to the comfortable conclusion that our balance of payments is in surplus too. As I have already pointed out, this is not true. Our invisibles, including foreign aid, capital exports on both government and private account, tourist expenditures, and payments for other services such as shipping and insurance, have been far larger than foreigners needed to cover the excess of their purchases of goods and services from the United States, as well as their other payments here. Last year alone the cash deficit in our balance of payments was on the order of $3.4 billion. In other words, we provided foreigners with many more dollars than they used here. During this decade of the '50s, we have been net suppliers of dollars to foreigners at the rate of almost $2 billion a year. From 1950 through 1958, they were therefore able to add to their gold and dollar holdings $13.7 billion as a result of their transactions with the United States. Unless the present trends are reversed, they could acquire as much as $3 billion additional this year.

VI
The Era of Convertibility

I did not intend to be a prophet of gloom. I have abundant faith in the resilience and dynamism of the American economy and in the resourcefulness of our business leaders. We are still far ahead. It is just that we have to get used to some new competitors. There are already indications in the figures that while our competitors are doing well against some of our older products, we are expanding our exports of newer products. Technologically, we have a good lead in many fields. Our friends abroad must still come to us for many things. This means that the character of our exports, "our export mix," may well gradually change. Some industries and firms will be hurt but others will be able to make strong gains in export markets.

In addition, as I pointed out earlier, conditions over the past year or so could hardly have been more favorable for Western Europe and Japan. But many of these factors are changing. Certainly, Europe's terms of trade can no longer be expected to improve and they may well worsen as recovery all over the world strengthens commodity prices. The United States position should be helped as Europe swings from a period of inventory liquidation to one of accumulation. As the European and Japanese economies resume their expansion, there will be a greater strain on their resources with a consequent weakening of their export capabilities. The productivity of American industry has surged forward rapidly since the beginning our recession. And our competitive position will be helped, of course, as discrimination is removed against American goods. Those who know Europe can readily imagine what a market there could be there for American consumer durables, if only it were wide open to us.

In other words, some of the temporary factors that brought the end of the dollar shortage era to us with such a shock may now tend to change or disappear.

On the other hand, some underlying factors still remain, so that we have entered a new era, one of competition among countries with convertible currencies. This should be gratifying. It is what we have wanted all along; but it brings with it the need for disciplines to which we have not been accustomed.

I should like to point out to you that our principal competitors have accepted those disciplines. You all know about the striking cases of Germany, Italy, Austria and Japan — countries that have rebuilt their productive capacity and raised their standards of living rapidly in this postwar period while following sound monetary and fiscal policies. I can add many other countries to the list, including Switzerland, Belgium and the Netherlands, for example. The United Kingdom was slower to accept these disciplines but the MacMillan Government made the great decision when it took the Thorneycroft measures of September, 1957. And it is significant that sterling has been growing stronger ever since. At the end of 1958 the French finally did it under General deGaulle with the result that the French franc after decades of almost steady depreciation has once again become a sound currency. France has gained reserves steadily and rapidly this year and the French authorities are so confident that they have decided to introduce the so-called "heavy" franc, a franc that is intended to be stable.

The question that I now put is this: Are we ready to accept these disciplines ourselves? As I read the speeches and writings of some of our creeping inflationists, I begin to wonder. Creeping inflationists, I find, are very fuzzy and evasive about the effects of their policies on the international position of the dollar. For myself I do not see how anyone—after taking a look at the American trade and balance of payments picture as I have tried to paint it—can conclude that a policy of creeping inflation is good for the United States, much less for the world as a whole.

Let's face it. There has been a basic change. Never before in this postwar period have we had to look so closely at our balance of payments position nor take it into account as a major factor determining our domestic monetary and fiscal policies. Our competitors are quite accustomed to this and they have now learned to react swiftly and sharply when they have balance of payments difficulties. Our reactions, on the other hand, have tended to be slow because the American people have not yet awakened to the full implications of our balance of payments deficits. This is not consistent with our responsibility for a currency that has become the world's principal standard of value and the largest repository of its foreign exchange reserves.

VII
Conclusions

What are the implications for the U. S. of this new era of competition among convertible currencies? The answers are not easy but when we recognize the urgency of the problem we are at least on the road to a solution.

First. We must militantly fight for economic stability at home simply because our vital self-interest demands this stability. There is no other way. It would be foolhardy on our part, having done so much to build progress and stability abroad, to throw it all away because we do not have the self-discipline to live in the kind of world we have helped create. This is the reason we must support President Eisenhower and Secretary Anderson in their fight for a balanced budget, and a surplus budget, if possible, and the Federal Reserve System in its courageous moves to maintain stability. There is no question but that a budget deficit in present circumstances lowers our resistance to inflationary trends.

Let us not forget that the world has its eye on the dollar more than on any other currency. I took a round-the-world trip last fall. Everywhere I went, there were questions about the position of the dollar. And no wonder. Foreigners held some $15 billion in official short-term balances with us. This is the measure of the world's confidence in the stability and value of our dollar. We have increasingly become the banker for the world. We must merit that confidence.

For this reason we cannot afford to be too complacent about the gold outflow. The outflow has resumed recently and is certain to continue this year, partly because of the underlying international payments situation and partly because of the gold payments that will have to be made to the International Monetary Fund later in the year in connection with the 50% increase in Fund quotas. The United States alone will have to make a payment of $344 million in gold. The extent to which other countries will use their dollars to buy gold from us to make their payments to the Fund is unknown. It is well for all of us to know and anticipate these facts about the gold outflow so that we can put it into proper perspective. While we should not be complacent, I do not want to be an alarmist either. I was impressed recently by what a world authority on this subject had to say at the American Bankers Association Monetary Conference in London. Per Jacobsson, Managing Director of the International Monetary Fund, stated that the gold outflow "represents a warning about the trend of costs and prices" in the United States but he stated further: "I do not think the U. S. gold outflow represents any real threat to the dollar. With the U. S. A. possessing more than half the world gold stock, it would be absurd to say this."

I am hopeful about the reaction of the American people. I am told that recent reports from the grass roots areas of our country have been encouraging, that people are worried about inflation and writing their Congressmen.

Second. We shall have to take a close look at the international financial burdens that we have carried so largely alone since the war. These burdens are broadly of two kinds: defense, and aid and economic assistance to developing foreign countries. These programs must go on. It is essential for our security that we continue our military establishments abroad and our military assistance to our allies. Some of this aid is in the form of military hardware that by going to friendly countries actually reduces our defense burden at home. Another part of the aid goes to strengthen the economies of our allies and still another part helps us to dispose of our surplus farm products. While these programs are necessary, we must be increasingly careful that every defense dollar and every aid dollar is well spent. At the same time the growing strength of Western Europe and even of Japan indicates clearly that it is time for our allies to begin to shoulder a larger share of these burdens. I feel we are also right in our insistence that the developing countries too should demonstrate that along with our aid they are at the same time ready and willing to help themselves. This is a long-term job—far far longer than the reconstruction of Western Europe—but it is a job that must be done.

Third. We must not be tempted to solve our balance of payments problem by a reversion to a highly protectionist policy. To do so would make it impossible for us to press our European allies to liberalize further their restrictions against imports from the United States. Fortunately, the main lines of our trade policy were pretty well resolved when Congress last year renewed the Reciprocal Trade Program until 1961. Any reversal of this policy would only bring retaliation and start a movement away from the more liberal trade policies that have done so much to stimulate the growth of world trade in the last few years.

Actually, it would be difficult for us to reduce our imports substantially even if we tried. Two-fifths are for raw materials not available domestically or needed to supplement inadequate domestic supplies. Of the remainder, a large part consists of foodstuffs most of which cannot be grown domestically.

Fourth. We should encourage Congress to pass the pending legislation embodied in the Boggs Bill, which provides incentives for American private investment abroad. This investment is the urgent need of many of the developing countries. In the long run it should help take some of these problems off the back of our government. This will not only help the budget, but each dollar of foreign private investment accompanied by our know-how is often worth several dollars of aid or credit to the recipient countries. For that reason a sound increase in our private foreign investment would not necessarily worsen the balance of payments problem that is foremost in my mind. Often our capital contribution is made in the form of machinery or other exports, anyway. Furthermore, in the long run these investments should earn a good return and experience has shown that our industrialized friends usually become better customers because their higher standard of living increases the demands for the things we have for sale.

Fifth and finally. We can help by explaining these cold facts of our changed world economic position to our friends, neighbors, employees, to all with whom we come into contact.

Economic achievements in Europe and elsewhere place new obligations on American economic statesmanship. The world is still largely dependent on the maintenance of our economic soundness and strength. The challenge to us is to keep our goods competitive price-wise in international markets and to bring our foreign payments into balance. Government, industry, and labor have equal responsibilities in meeting this cost challenge. Our position of leadership in the world depends on the success of our endeavors to secure economic growth and stability. The whole world would regard any weakness in the dollar as a signal that America is losing the cold war.

J. H. Firestone Opens

John H. Firestone is conducting a securities business from offices at 372 West 46th Street, N. Y. C.

Gordon-Mannelly Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Gordon-Mannelly Securities Co., Inc. has been formed with offices at 93999 Wilshire Boulevard to engage in a securities business. Officers are Milton Gordon, President; John F. Mannelly, Vice-President and Treasurer, and Irwin M. Fulop, Secretary.

Shearson, Hammill Opens Phoenix Branch

PHOENIX, Ariz. — Shearson, Hammill & Co. has opened a branch office at 3300 North Central Avenue under the management of James F. McGinnis. Mr. McGinnis was formerly with Walston & Co., Inc.

Continued from first page

What Is Our Position in the Current Business Cycle?

catalog of such formidable queries the total presents a picture of dubious character.

For some months last year, when the recovery was getting under way, there probably was a legitimate reason for some doubts. At that time the recovery was implemented primarily by the sharp reversal from drastic inventory decumulation to accumulation supported by a Federal policy of deficit spending. There is reason now for believing that American business is experiencing an old-fashioned cyclical upswing. All such cycles have their beginnings and their endings. Since the close of World War II the upward phase of a business cycle has lasted from three to four years. The current cycle is now a year old and probably will continue for another two years, give or take six months either way.

Two-Thirds of Recovery Still Ahead

This recovery is not a flash in the pan, not a oneshot burst of activity of a year's duration but a normal business cycle. The rate of advance may vary from quarter to quarter and some sectors of the economy may forge ahead while others hesitate or recede, but the broad trend will continue upward. It is our opinion that approximately two-thirds of the recovery cycle is still ahead of us. That should be the basis for forward business planning.

The breadth of the business recovery has widened as the year has progressed but there are two areas of economic activity that have not kept pace with the recovery. The first is the automobile industry where sales, while higher than a year ago, are lagging behind the experience of a full-blown, normal recovery and, therefore, have considerably further to go. The second is capital expenditures where the gain has been small in terms of dollars and probably neutral in physical volume when price increases are allowed for. The fact that these two important areas of the economy have lagged is a good reason for expecting the business recovery to continue. Acceleration in the rate of automobile production and capital expenditures will lend support to the business recovery.

There are reasons for anticipating further cyclical recovery in automobile production. The last peak occurred in 1955 when almost eight million cars were built. Last year only about 4¼ million cars were produced. Repayments of instalment credit exceeded new extensions at that time and personal savings were increasing materially. Personal income has been rising steadily since early 1958 and the consumer is in a financial position to step up his purchases of new cars and other durable goods. Rising confidence in the business outlook, coupled with continuing gains in income, will encourage him to increase his expenditures further if the proper inducements are provided.

Research reveals that surges in automobile production have accompanied new innovations. In 1955 the innovation was the adoption by automobile manufacturers of the wrap-around windshield and the generally greater use of glass in order to enlarge the scope of vision. Chevrolet and Plymouth also introduced V-8 engines in their lines. These innovations rendered old cars obsolete in both appearance and functional character. Next year we will have the "compact" car. This will introduce a new item into the industry while the popularity of the foreign cars will probably influence the styling of our larger models. Something new and different is being added so, as we see it, the environment is conducive to greater interest in automobiles next year.

Is Capacity Too Much?

When capital expenditures are discussed one often hears the comment: Why build more plants? We already have over-capacity. No one can provide a precise, definite answer to this question. In terms of absolute capacity perhaps there are ample facilities for producing all the goods we need but this varies from industry to industry, and the calculation does not take into account the efficiency and age of the plants, which in the last analysis is the crucial test. Take as an example the steel industry.

By the end of this year the steel industry will have a capacity of, roughly, 150 million tons. Steel consumption this year will approximate 110 to 115 million tons, and next year probably 125 million tons. So one reasoning from these figures could say that there is over-capacity in the steel industry. However, only about 50 million tons of this capacity have been installed since 1946, much of it in the last few years. Therefore we can say that about one-third of the country's present steel capacity averages less than 10 years old and is modern and efficient. Some capacity was added during the war years but little was put in place during the depression years of the 1930s. Thus a large part of the nation's steel plant is over 20 years old and some of this over 30 years old and relatively inefficient. The same plant capacity and efficiency situation prevails in many other industries. Such a condition does not matter very much until competition or price resistance appears. Then the story changes.

Rising wages means higher prices, which in turn invites competition, and this encourages capital investment in order to reduce production costs. Capital investment, meaning more goods at lower cost, is the best weapon against foreign competition. It is the best answer to Russia's economic challenge, the best means of fighting inflation and the accomplishment of accelerated economic growth which is the American way of life. The pressure of domestic and foreign economic forces demands greater capital investment. These forces cannot be ignored nor resisted. It is our opinion that capital investment in 1960 will be as much as 15% to 20% greater than in 1959 with further increases expected the following year.

The Inventory Picture

As business cycles progress the rate of inventory accumulation increases. Business cycles usually terminate after inventories have undergone an extended period of substantial rise. This was true in 1957 and the subsequent recession in business was accentuated by the rapid decumulation of inventories, which reached an annual rate of about $8 billion in the early part of 1958. This year inventories will be accumulated to the extent of about $4 or $5 billion. Before the cycle is completed, if history is to repeat itself, the rate will increase still further, probably to as high as $10 billion a year.

Two More Recovery Years

So we have at least three strong fundamental trends in progress which once started usually last for several years and provide a firm basis for our conviction that regardless of temporary variations we are experiencing an old-fashioned business cycle within the framework of the longer term secular growth trend of the economy. As I have said, it is our considered judgment that the upward phase of this business cycle will continue for another two years, give or take six months before it comes to an end as all cycles ultimately do. What is our position in the current business cycle? About one-third through it.

The Next Twelve Months

I am not going to be so rash as to set down in precise figures the likely extent of the cycle but I would like to give a few projections of what we think is in store for us looking 12 months ahead. I am doing this to bring the picture more clearly in perspective and not just in terms of vague generalities. Such projections are estimates of course, and as such they cannot all be expected to work out with exactitude.

The Federal Reserve Board Index of Production averaged 144 in the first quarter of 1959. In the first quarter of 1960 we expect it to be in the area of 153-155. The Gross National Product, which averaged $467 billion per annum in the first quarter of this year, should increase about $25 billion by the first quarter of 1960. The annual rate of local, state, and Federal spending combined is estimated to increase about $5 capital expenditures up approximately billion between these periods with mately the same amount. We look for the automobile industry to produce about 6½ million cars next year. We expect that consumers will spend $16-$18 billion more, (annual rate), in the first quarter of 1960 than in the first quarter of 1959. The general price level we think will advance about 1½%-2% and the average hourly earnings of workers in all manufacturing industries about 3%. These figures give a general idea of what we look for in the way of increases in the physical and dollar volume of business as well as rises in material and labor costs looking ahead 12 months. As the business cycle develops this upward trend should continue.

Sees Higher Interest Rates

There is another cost that most businessmen must wrestle with and that is the cost of money. In our opinion, both short- and long-term money rates are going higher.

With the freeing of international currencies abroad and capital now able to flow back and forth across international borders, money rates are no longer largely a domestic matter. Money may now move more freely to where it is able to obtain the best return. The higher money rates that prevailed in Europe when currency restrictions were removed some months ago drew funds from the United States. This together with divergent business trends in the respective areas is closing the gap between the cost of money in Europe and in the United States. European rates have declined, domestic rates risen. This narrowing of the gap will take some pressure off our money market temporarily, as will also a slowing down in domestic business during the summer months, either because of a steel strike or the working down of steel inventories. But, anticipating as we do, a resumption in the cyclical rise in American business this fall, and the coming greater demand for money to finance capital and inventory investments pressure again will be put on the domestic money market.

The economies of the free world are now also in a recovery phase of their own cycles and as this progresses interest rates abroad will be rising again. At the same time continuing investment by American industry in foreign plants, and the popular trend toward investment in foreign securities will draw money from this country. After many years the old orthodox international pattern of the flow of capital with its effect upon money rates has been restored, and we now have a cycle in money rates that is not exclusively a domestic affair. Just as we are experiencing an upward cycle in business, both domestically and in the free world, so also are we experiencing an upward cycle in interest rates.

As you know, my company, in addition to functioning as investment counselors, is retained by many business corporations to guide them in their forward planning. Our advice to them is this: If you anticipate borrowing money the rates that will prevail this summer are likely to be as low as you will see them for the remainder of this business cycle.

Contrasts Russia's Population Spread

Whereas my comments thus far have been confined to a discussion of the current business cycle and our position in it, I would like to submit for your consideration the results of a study that we have made about the age distribution of the population of the United States and Russia and to draw from this certain inferences of major interest in both American and Russian affairs. In the United States the relation is to the outlook for capital expenditures and to changes in the pattern of the defense program. In Russia they relate to the Seven-Year Plan and the available supply of scientists and engineers, and to manpower in general. The discussion centers on the 18 year olds because that is the typical age when a young person enters the field of advanced education, and when they become available for the labor force and military service. When one looks at the 18 year old age group of both countries some very striking contrasts become apparent.

The first contrast is during the depression of the 1930s in the United States when the birth rate in this country declined sharply from, roughly, 26 per 1000 to 17 per 1000. Russia, on the other hand, was still working itself up from its revolution during those years and experienced no depression such as that which occurred in the United States and capitalistic world. Every incentive was given to increasing births in Russia and the birth rate averaged an estimated 36 per 1000, or double the rate that prevailed in those years in the United States.

The next contrast appears in the period of World War II. While our casualties were high they were modest as compared with the men and women lost by Russia. Our country physically and its civilian population were untouched, whereas Russia suffered great material property damage and large civilian losses through invasion, bombing, illness and general hardships. During this period the Russian birth rate declined sharply. In fact, it was cut nearly in half, and because of the loss of so many of its younger men the birth rate was slow to recover after the war. In the United States, on the other hand, the birth rate rose all during the war and in the immediate postwar years it rebounded strongly and attained the rate that prevailed prior to the depression or about 50% higher than in Russia.

Why More Scientists in U.S.S.R.

In recent years the contrasts between the birth rate of the two countries has disappeared and has run about the same. The children resulting from the high birth rate in Russia during the 1930s started to become 18 years of age in the late 1940s. All through the period of the last ten years when the number of Russian children becoming 18 years of age was rising it was falling in America because of the contrasting low birth rate of the thirties in this country. For example, in 1958 only 2,300,000 people reached the age of 18 in the United States, whereas 5,500,000 reached that age in Russia. This is the reason why Russia has been able to graduate so many scientists in the last few years, why it has been able to make substantial progress in heavy industry and at the same time maintain a large standing army. The United States in contrast has been suffering from a shortage of manpower. So much for history. What of the future?

By 1965 the number of 18-year-olds in the United States will increase by 1,500,000 to 3,800,000 or 65%, whereas in Russia they will approximate 3,500,000, a decline of 2,000,000 or 36%. In other words, the year 1965 will see the number of 18-year-olds greater in the United States than in Russia. Stated in another way, in 1958 Russia had 140% more 18-year-olds than the United States, whereas in 1965 she will have 8% less. This is not a flight of the imagination. It is based on statistical fact. We know approximately how many children were born in Russia and America in the decade of the forties and, therefore, we know approximately how many 18-year-olds there will be in these countries in the decade of the sixties.

Next Six Years

As the new spacing in this age group changes during the next six years a very different story as to the relative supply of persons available for scientific training and additions to the working and armed forces will evolve. Already in Russia an executive order has gone out to make it compulsory for large groups of children to work in factories when they reach 16 years of age. Only the thoroughly competent will be selected for scientific training. Plans calling for shifting labor from agriculture to industry are in operation. You may have seen reports in the press of Premier Khrushchev's recent speech on the labor shortage in Russian industry. These new developments in Russia are better understood when one studies the age grouping of the Russian population. Russia has had a plethora of manpower of the right age for military service and for industrial and scientific development. This situation is now changing.

When there is a shortage of manpower substitutes have to be found. The substitutes take the form of electric energy, machinery, improved technology and science to serve both civilian and military needs. Russia will feel strong pressure to push as hard as possible in these directions.

Steps on Science Output

History reveals that population trends have exerted a profound influence on international diplomacy. The situation within Russia is such that she will strive in every way on the military front to compensate for the coming shortage in manpower by expanding her efforts in the fields of scientific developments. The temptation of large-scale armed land conflict becomes less enticing. On the civilian side she will be forced by her shortage of manpower to increase her productive efficiency through capital expenditures. Already it is indicated that capital expenditures in Russia are a much higher percentage of Gross National Product than in the United States. These pressures will continue hand in hand with the change in the age mix of the population. Therefore it is doubtful that Russia can fulfill the objectives of its Seven-Year Plan, certainly not on the consumer side of the economy and at the same time expand or maintain a large standing army.

The situation in the United States in the coming years will be moving in the direction of increasing our manpower supply. This provides us with the opportunity to exceed Russia's military efforts. On the civilian side of the economy, however, it means that America will be under great pressure from Russia. To meet this competition we must develop our capital expenditures on a more adequate scale. Not only must our competitive relationship with Western Europe be reckoned with but we must keep Russia clearly in mind.

These matters have an important bearing on our defense cycle. In the three business cycles since the war economic troubles have been seriously complicated in this country by sharp declines in defense expenditures. Defense orders have been employed as an instrument of economic control. These ups and downs in defense have been violent. The United States in the years ahead cannot afford to repeat this volatility. There is urgent need for a new pattern of stability on the defense side of the economy. We have reason to believe that the administration in Washington is now aware of this. Therefore, as we consider these matters in relation to the present business cycle, we believe that there is not only added certainty of a sharp step-up in capital expenditures but also a strong probability that when the cycle terminates it will not be complicated this time as it has in the past by a sharp contraction in military expenditures.

The real race between Russia and America is in the field of capital expenditures. If America rises to this challenge our position in the cold war over the coming years should be more comfortable than it has been. The decision is in the hands of American business and those politicians who favor ways to encourage the expansion of American business. We believe they will rise to the challenge.

Maine Secs. Adds

(Special to The Financial Chronicle)

PORTLAND, Maine—Henry N. Stone has been added to the staff of Maine Securities Company, 465 Congress Street.

Joins A. C. Allyn Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Frederic S. Sharaf is now with A. C. Allyn & Company, Incorporated, 30 Federal Street.

With Goodbody & Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert D. Watral is now affiliated with Goodbody & Co., 140 Federal Street.

Hayden, Stone Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — William C. Swan is now with Hayden, Stone & Co., 10 Post Office Square.

With C. C. Collings

PHILADELPHIA, Pa. — C. C. Collings and Company, Inc., Fidelity-Philadelphia Trust Building, members of the Philadelphia-Baltimore Stock Exchange, announce that Thomas C. Borthwick is now associated with them as a registered representative.

With Henry F. Swift

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—James R. Hunt is now connected with Henry F. Swift & Co., 490 California Street, members of the Pacific Coast Stock Exchange.

Continued from page 4

The State of Trade and Industry

against $22,072,333,741 for the same week in 1958. Our comparative summary for the principal money centers follows:

Week Ended May 30—	1959	1958	%
New York	$12,478,426,274	$8,982,631,894	+38.9
Chicago	1,251,897,471	953,906,438	+31.2
Philadelphia	1,165,000,000	808,000,000	+44.2
Boston	746,522,229	539,780,330	+38.3

Sees Hope of Avoiding Steel Strike

Although the odds still favor a steel strike on June 30, a "statesmanlike" move by steel labor to avoid a walkout can not be entirely discounted, according to "The Iron Age," national metalworking weekly.

Said "Iron Age":

"On the basis of what has happened so far, all signs point to a steel strike. There has been no sign of 'give' by either side. Still, 'statesmanship' on the part of David J. McDonald, steel labor chief, should not be completely ruled out.

"So far, all the cards appear to be stacked against his efforts to get the kind of a new contract he wants. Whether he will upset the usual labor pattern by agreeing to a wage freeze until next year (an election year) remains to be seen. But it's a possibility."

"Iron Age" said that before Mr. McDonald could seriously consider this he would have to be certain of support among his own rank-and-file as well as the high command of organized labor.

"Mr. McDonald is no infant at the labor game," commented "Iron Age." "When he makes up his mind soon what to do—assuming he can't crack the solid steel management front — he will be doing it with his eyes wide open.

"He is well aware that his men can love him in June and be ready to throw him overboard in January. But there is no question that he would be a national hero with the public and the White House if he stood still for a wage freeze. Just what he would be at the AFL-CIO headquarters in Washington would be another question. The old pros in the labor hierarchy probably would not take too kindly to 'statesmanship' because of the effect it would have on contract negotiations in other industries."

At the same time, "Iron Age" pointed to still another angle in the steel labor crisis:

"If Mr. McDonald agrees to a wage freeze or to an inconsequential increase this year, he will exact a price for it next year. This is something that steel users and steel produces can be certain of."

Meanwhile, the strength of steel demand has generated both cheer and problems for the mills. In some areas, producers have fallen behind on delivery promises. The situation seems to be worst in the Midwest. Still, no one is being hurt because of late deliveries.

Furnace repair problems and mill breakdowns are creating headaches and putting a damper on output. Because of this, actual production at several big mills has fallen short of forecasts.

Non-Optimistic View on Steel Peace

Steelmakers are well on their way to the biggest half year in history, "Steel" magazine reported June 1.

First half production will be a record 64 million ingot tons, vs. 62.6 million tons in the corresponding period of 1956, the metalworking weekly said.

Operations will decline this month, but output probably won't be less than 10.9 million tons. May's production (more than 11,-646,000 tons) topped the 11,567,745 tons poured in March.

Steelmaking operations may go into a tailspin if negotiations for a new labor contract between the steel industry and the United Steelworkers don't take a turn for the better soon. Unauthorized strikes will multiply. Steel makers will have to start banking furnaces by June 15 to prepare for a July 1 walkout.

Nothing but a bitter deadlock is indicated by June 30, the strike deadline which may signal the start of the sixth general walkout staged since World War II. The magazine said the past five strikes have lasted a total of 162.5 calendar days, with lost production estimated at 45,834,000 net tons.

Industry, labor, and the economy have suffered. Estimated cost to the industry has been $1.4 billion in lost output. In settling the 1956 strike, steelmakers traded 10 million ingot tons of production for three years without general strikes. Labor has had to work for years at inflated wages to recover the $850 million in wages it lost. Estimated wage loss in the 1952 strike was $300 million; 1956 strike, $250 million. Not so easily measured are the inflationary costs which have accompanied the wage raises and have driven up the price of both industrial and consumer goods.

Strike or not, "Steel" reported that about 19.5 million tons of finished steel will be consumed in the third quarter (vs. 18.6 million in the first, 20.4 million in the second). Assuming no strike and production of 23 million ingot tons, about 16.5 million tons of finished steel will be shipped. Net inventory reduction will be about 3 million tons. Big users this summer will be the automotive, appliance, construction, canning, railroad, and petroleum industries.

Steel mills last week were scheduled to operate at 94.5% of capacity, a rate that would yield 2,675,000 ingot tons. Production has fallen short of expectations in every week since April 20 because of furnace breakdowns, wildcat strikes, slowdowns, and hot weather absenteeism.

"Steel's" price composite on No. 1 heavy steelmaking scrap rose 34 cents to $33.67 a gross ton on broker-dealer trading. Mill buying continues slow.

Prices of imported steel are up, the magazine said. Since February, they have gone up $10 to $12 a ton. In the first two months of the year, imported steel products outweighed exports by 43% (470,138 tons vs. 328,961).

Steel Output Based on 94.4% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *166.5% of steel capacity for the week beginning June 1, equivalent to 2,674,000 tons of ingot and steel castings (based on average weekly production for 1947-49) as compared with an actual rate of *165.0% of capacity and 2,650,000 tons a week ago.

Actual output for the week beginning May 25, 1959, was equal to 93.6% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 94.4%.

A month ago the operating rate (based on 1947-49 weekly production) was *162.1% and production 2,604,000 tons. A year ago the actual weekly production was placed at 1,685,000 tons, or *104.9%.

*Index of production is based on average weekly production for 1947-1949.

No Letup Seen in Large Car Output

Despite the Memorial Day holiday, passenger car production in May will reach 545,000 units, according to "Ward's Automotive Reports," best voume for the month since record year 1955 (724,892) and third best May figure in history behind 1950 (583,449).

"Ward's" emphasized that the very strong assembly pace will not falter in June, when more than 550,000 cars will roll from the nation's plants. It also will be the best June total in four years, "Ward's" added, paving the way for a first-half 1959 count of approximately 3,275,000 automobiles, fully 46% more than 1958's January-June effort of 2,242,348.

However, factory closedowns for the Memorial Day week end, which began on May 28 at some U. S. plants, plunged passenger car production in the week ended May 30 to its lowest level in 15 weeks, "Ward's" said.

The statistical publication estimated the week's car building at 117,470 units, a 12% decline from previous week (133,470), but 76% higher than Memorial Day week, 1958 (66,574).

Five plants closed May 28, according to "Ward's." They were Dodge Main and Imperial in Detroit, and Chevrolet's Baltimore, St. Louis and Bloomfield, N. J., facilities. Down the following day in addition to foregoing plants, were Chrysler in Detroit; Studebaker in South Bend; Mercury in Metuchen, N. J.; Cadillac in Detroit; Chevrolet in Los Angeles, Oakland, Calif.; and Tarrytown, N. Y.; and Buick-Oldsmobile-Pontiac in Southgate, Calif., Atlanta, Ga., Arlington, Texas, and Kansas City, Kan.

Other plants around the industry worked five days, "Ward's" said. There was no activity on Memorial Day, May 30.

Along with the week's dip in car making, "Ward's" said truck output will slip to 24,829 units, 9% lower than preceding week (27,301) and the smallest total in 11 weeks. Production during Memorial Day week last year was 15,038.

"It's Time to Take Another Look," Says "Ward's" 1959 Automotive Yearbook

"Ward's Automotive Reports," has just issued the 21st edition of its annual study of the automobile industry, which probes deeply into the annals of the automobile industry in which it is regarded as an authority.

To quote from the preface:

"Perhaps it's time for the titans of industry to take another look at the original parts supplier and invite him again to be a more vital part of the great and talented team that made the automobile industry what it is today."

"Where there were once thousands there are now only hundreds of major suppliers who provide a dwindling portion of the vast array of parts and components required by the modern vehicles," says the 254-page fact book. "The shrinkage in numbers continues as the motor vehicle plants become more and more integrated and as they supply the bulk of their major parts requirements out of their own plants or subsidiaries."

Electric Output 14.4% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 30, was estimated at 12,761,000,000 kwh., according to the Edison Electric Institute.

For the week ended May 30, output decreased by 170 million kwh., below that of the previous week but showed a gain of 1,606,-000,000 kwh. or 14.4% above that of the comparable 1958 week.

Car Loadings 20.2% Above Corresponding 1958 Week

Loadings of revenue freight for the week ended May 23, totaled 685,745 cars, the Association of American Railroads announced. This was an increase of 115,320 cars or 20.2% above the corresponding week in 1958, but a decrease of 37,158 cars, or 5.1% below the corresponding week in 1957.

Loadings in the week of May 23, were 8,635 cars, or 1.2% below the preceding week.

Lumber Shipments 5.5% Above Production For May 23 Week

Lumber shipments of 487 mills reported to the National Lumber Trade Barometer were 5.5% above production for the week ended May 23. In the same week new orders of these mills were 3.9% above production. Unfilled orders of reporting mills amounted to 46% 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 idential mills were 3.0% above production; new orders were 5.5% above production.

Compared with the previous week ended May 16, production of reporting mills was 0.2% above; shipments were 6.3% below. For the latest week, as against the corresponding week in 1958, production of reporting mills was 0.2% above; shipments were 6.3% above; and new orders were 3.6% below.

Business Failures Up Slightly

Commercial and industrial failures edged up to 264 in the week ended May 28 from 259 in the preceding week, reported Dun & Bradstreet, Inc. Although casualties remained moderately

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The State of Trade and Industry

below the 278 in the comparable week last year, they exceeded the 225 in 1957 and were 6% above the prewar level of 249 in 1939.

All of the week's rise occurred among failures involving liabilities of $5,000 or more, which increased to 232 from 227 in the previous week but did not reach the 250 of this size a year ago. Small casualties, those with liabilities under $5,000, held even at 32 and were slightly above the 28 in the similar week of 1958. Concerns failing with liabilities in excess of $100,000 rose to 27 from 19 a week earlier.

While the toll among retailers remained at 132, the same as last week, and among wholesalers held steady at 21, manufacturing casualties climbed to 55 from 44 and commercial service edged to 27 from 26. The only decline during the week appear in construction where failures fell to 29 from 36. More manufacturing and service businesses succumbed than last year; other industry and trade groups had fewer failures than in the corresponding week of 1958.

Five geographic regions accounted for the week-to-week upturn. Failures in the Pacific States rose noticeably to 69 from 55, while milder increases prevailed in the South Atlantic, East South Centtral, West North Central, and Mountain States. In contrast, the Middle Atlantic total dipped to 87 from 89, the East North Central to 43 from 46, the West South Central to 8 from 11, and New England casualties dropped to 9 from 22. Business mortality exceeded 1958 levels in five regions, including the Pacific States, but remained below last year in four regions. The most marked declines from a year ago were reported in the New England and West South Central States.

Wholesale Commodity Price Index Moves Moderately Higher

Reflecting higher prices on sugar, hogs, hides, and steel scrap, the general commodity price level rose moderately this week. On June 1 the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 276.49, up from the 275.87 of a week earlier, but below the 280.75 of the similar date a year ago.

Influenced by larger offerings and light buying, most grain prices declined during the week. Improved flour business helped wheat prices rise in Chicago, but they were down in other markets where supplies increased and domestic and export buying lagged. Although purchases of corn rose somewhat, supplies were heavy and prices fell somewhat from the prior week.

Interest in oats weakened and prices were down fractionally. There was an appreciable dip in soybeans prices and volume in both oil and meal was lower. Wholesalers reported a slight decrease in rye trading, which resulted in a slight dip in prices.

Despite lower prices on flour, trading was sluggish, except for sizable purchases by the government for relief distribution abroad and home. Flour exporters expect to sell appreciable quantities to Ceylon this week.

Although export buying slackened during the week, sales of rice for domestic use expanded somewhat and supplies were reduced. This helped hold prices at the levels of the prior week. While the buying of sugar eased this week, prices advanced somewhat. Sugar deliveries in the week ended May 23 were down from the prior week, but they were well ahead of those of a year ago.

There was a moderate decline in coffee trading, but prices were steady. Cocoa prices were down fractionally and volume was slightly below the prior week.

Although hog receipts in Chicago fell somewhat, turnover expanded and prices were moderately higher. Cattle receipts remained close to the prior week, but trading lagged and prices declined somewhat. There was a slight dip in lamb prices as purchases declined and receipts were low.

The possibility of tight supplies later in the season helped cotton trading remain at the level of the prior week and prices were steady on the New York Cotton Exchange. Exports of United States cotton for the week ended last Tuesday were estimated at 58,000 bales by the New York Cotton Exchange Service Bureau. This compared with 50,000 a week earlier and 105,000 a year ago. The total for the season through last Tuesday came to about 2,352,000 bales, compared with 4,729,000 in the similar period last year.

Warm Weather Helps Summer Merchandise Sales

Summer-like weather in many areas stimulated consumer buying of summer apparel, air conditioners, and outdoor furniture this week boosting over-all retail trade appreciably over a year ago. These gains offset slight year-to-year declines in some appliances, linens, and draperies. Volume in new passenger cars remained at the high level of the prior week and sharp increases over last year were sustained, according to scattered reports.

The total dollar volume of retail trade in the week ended May 27 was 4 to 8% higher than a year ago, according to spot estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Mountain +8 to +12; West South Central +7 to +11; Middle Atlantic +6 to +10; East South Central +4 to +8; New England, East North Central, South Atlantic, and Pacific Coast +2 to +6;

There was an upsurge during the week in purchases of women's cotton dresses and sportswear, and interest in accessories and lingerie rose noticeably. Moderate increases over the year ago occurred in men's clothing, especially tropical suits, sports shirts, and slacks. The call for children's merchandise was up noticeably from both a week earlier and last year.

Nationwide Department Store Sales Up 10% For May 23 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended May 23, increased 10% above the like period last year. In the preceding week, for May 16, an increase of 9% was recorded. For the four weeks ended May 23, a gain of 10% was registered.

According to the Federal Reserve System department store sales in New York City for the week ended May 23 showed a 10% 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 United Parcel Delivery Service strike.

Awarded Puerto Rico Bonds

Four banking groups submitted bids June 2 for an issue of $5,000,000 public improvement bonds of San Juan, capital of Puerto Rico, at the New York office of the Government Development Bank for Puerto Rico, fiscal agent.

Successful bidder was a group headed by the Chase Manhattan Bank, the Morgan Guaranty Trust Company and including Banco de Ponce.

Shown here, left to right: Luis Munoz Rivera, Director of the Budget, San Juan; Roberto de Jesus Toro, President, Banco de Ponce; Dr. Rafael Pico, President of the Government Development Bank, and John de Milhau, Vice-President of the Chase Manhattan Bank.

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The Big Squeeze on Little Steel

ters at a delivered price from $20 to $40 per ton less than the price of the American product.

In industry after industry throughout the country, more products are arriving from overseas. They are not confined only to raw steel. The mounting list includes such steel consuming products as automobiles, sewing machines, typewriters, heavy machinery, electrical apparatus and many others. Whatever you make, your turn may be next!

American Jobs

I would like to reiterate:

Many foreign steel products are now being manufactured overseas by modern equipment. In fact, much of it has been provided by leading American machinery builders. Expanding foreign production and improved product quality has undoubtedly been influenced by the technical knowhow freely given to foreign productivity teams, who have visited steel plants in this country.

Many are now asking—have we reached the turning point—are the economies of foreign countries being strengthened at the expense of our own? This is an interesting question and must be given consideration to appraise the impact this development will have on our standard of living.

Our standard of living is at present much higher than any other in the world. It is our intention to keep it this way. In the development of this standard the steel industry has made a substantial contribution, and we are very proud of it.

Our national economy is built on pillars of steel. Through a large investment of capital the steel industry has created well over a half million jobs which now pay American workers an average of $3.60 an hour, including fringe benefits. For each of the 500,000 workers directly employed in steel mills, nine others hold jobs in plants making steel products. The total accounts for more than one-third of all factory employment in the United States. If we are to preserve and strengthen these jobs for the American people, it is imperative for us to face foreign competition with improved equipment and low operating costs. We cannot afford to price ourselves out of foreign and domestic markets if American jobs are to remain secure. Unfortunately, at the present time we seem to be doing just that!

Foreign-made goods are purchased because they carry a "lower price tag"—certainly not because they are superior in quality. Our American workmen can produce goods equal to the best in the world—if not better. Therefore, if we are to retain the markets we now enjoy and recapture those we have lost—we must find a solution to the problems now facing the American steel industry. This calls for a united effort on behalf of all forces involved in production. Our responsibility is to help curb inflation and thus protect American jobs.

Summary

Remember this, curbing inflation and keeping American production competitive is not a problem for steel management alone. It is also labor's problem and the public's problem! If our costs keep rising we will be faced with unemployment, a loss of business, and such a drastic decline in profits that the economic health and stability of our industry will be threatened.

This is a year of decision! If we can keep costs in line now, and for the next two or three years, and if we are able to get the proper depreciation funds to modernize our plants, we can better meet competition and solve the problems now facing the American steel industry, as we have in the past.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Courtland Y. White has become connected with Bache & Co., Minneapolis Grain Exchange Building.

With Inv. Service

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Roland Aplin has been added to the staff of Investment Service Co., 818 Seventeenth Street.

Baird to Admit

On June 4th Baird & Company, 65 Broadway, New York City, members of the New York and American Stock Exchanges, will admit David G. Baird, Jr. to partnership.

Few Professional People Have Planned Retirement Program

Bank of New York survey of 30,000 doctors, lawyers and other professionals reveals only three out of ten provide for old-age retirement. Nineteen out twenty surveyed say they would institute a savings plan if permitted to use tax deferred dollars in the event proposed legislation to that effect is passed.

Only three out of 10 professional people—doctors, lawyers, accountants, etc.—now have any kind of a planned individual old age retirement program, according to a Bank of New York recent survey.

At a full-day seminar held for 128 representatives of 101 correspondent banks of The Bank of New York from all over the United States on the subject of pension plans for the self-employed, a spokesman detailed the findings of a survey of 30,000 professional people made recently by the bank.

Albert C. Simmonds, Jr., Chairman of The Bank of New York, welcomed the visiting bankers and told them that "One can look upon legislation like the Keogh-Simpson Bill as a nuisance or as an opportunity. We at The Bank of New York have studied this subject for over two years and now see it as a fine means for extending our service and opening avenues for desirable new business."

Survey's Details

The sessions, presided over by C. M. Bliss, Executive Vice-President of The Bank of New York, provided further details on the survey of professional people:

Seven out of 10 are self-employed; one out of 10 is an employee; two out of 10 are both employed and self-employed.

Nineteen out of 20 said they would expect to set up a retirement savings plan, if permitted to use tax deferred dollars under new legislation.

On the question of whether professional people would like their program set up with a bank trustee or with a life insurance company, the response showed: 63% chose a bank; 12% chose a life insurance company; 3% said both; and 22% made no choice.

The average amount that would be put into such savings was set at $2,500 per year.

As to the investment of these funds, 5% indicated they wanted no common stocks; some 10% wanted all common stocks; but on the whole the professional people indicated they favored a generally conservative investment portfolio.

A portion of the seminar was devoted to the background of the legislation on tax deferred savings for pension plans for the self-employed. Pension plans for employees have had a tax exempt provision since 1942, but there is no such feature available for the self-employed. However, legislation remedying this inequity was passed by Great Britain in 1956 and by Canada in 1957 and was introduced in the U. S. Congress in 1951.

Since then several bills on the subject have been introduced, and the current Keogh-Simpson Bill has been passed in the House and is now being studied by the Senate Finance Committee. It appears doubtful that the legislation will pass the Senate during this session, but prospects for the measure, or a successor bill, becoming law at the 1960 session are reasonably good, it was indicated at the seminar.

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)	June 7	§94.5	*93.6	92.0	62.4
Equivalent to—					
Steel ingots and castings (net tons)	June 7	§2,674,000	*2,650,000	2,604,000	1,685,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 22	7,215,975	7,177,525	7,132,225	6,256,485
Crude runs to stills—daily average (bbls.)	May 22	¶7,891,000	7,684,000	7,705,000	7,331,000
Gasoline output (bbls.)	May 22	27,319,000	26,821,000	27,389,000	25,679,000
Kerosene output (bbls.)	May 22	1,488,000	1,824,000	1,802,000	1,714,000
Distillate fuel oil output (bbls.)	May 22	12,114,000	12,335,000	11,543,000	11,853,000
Residual fuel oil output (bbls.)	May 22	6,614,000	6,240,000	6,401,000	6,607,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 22	203,610,000	206,616,000	211,747,000	195,753,000
Kerosene (bbls.) at	May 22	23,212,000	22,513,000	20,639,000	20,709,000
Distillate fuel oil (bbls.) at	May 22	93,802,000	89,639,000	81,487,000	84,464,000
Residual fuel oil (bbls.) at	May 22	54,484,000	54,629,000	55,490,000	60,353,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 23	685,745	694,380	647,282	570,425
Revenue freight received from connections (no. of cars)	May 23	588,962	583,186	574,828	502,673
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 28	$679,700,000	$468,200,000	$410,900,000	$423,990,000
Private construction	May 28	335,600,000	304,200,000	204,400,000	155,564,000
Public construction	May 28	344,100,000	164,000,000	206,500,000	268,426,000
State and municipal	May 28	165,500,000	145,900,000	149,400,000	178,108,000
Federal	May 28	178,600,000	18,100,001	57,100,000	90,318,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 23	8,355,000	*8,255,000	8,095,000	7,270,000
Pennsylvania anthracite (tons)	May 23	320,000	324,000	358,000	395,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 23	140	137	141	128
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 30	12,761,000	12,931,000	12,546,000	11,155,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 28	264	259	275	278
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 26	6.196c	6.196c	6.196c	5.967c
Pig iron (per gross ton)	May 26	$66.41	$66.41	$66.41	$66.49
Scrap steel (per gross ton)	May 26	$35.83	$34.17	$33.83	$35.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 27	31.125c	31.150c	31.175c	24.300c
Export refinery at	May 27	29.400c	28.850c	28.825c	22.075c
Lead (New York) at	May 27	12.000c	12.000c	11.500c	11.500c
Lead (St. Louis) at	May 27	11.800c	11.800c	11.300c	11.300c
‡Zinc (delivered) at	May 27	11.500c	11.500c	11.500c	10.500c
Zinc (East St. Louis) at	May 27	11.000c	11.000c	11.000c	10.000c
Aluminum (primary pig. 99.5%) at	May 27	24.700c	24.700c	24.700c	24.000c
Straits tin (New York) at	May 27	103.500c	103.250c	102.375c	94.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 2	83.62	83.73	84.10	96.00
Average corporate	June 2	86.38	86.78	88.27	96.23
Aaa	June 2	89.64	90.06	91.34	102.96
Aa	June 2	88.27	88.67	90.34	99.36
A	June 2	86.11	86.38	88.54	95.77
Baa	June 2	82.03	82.15	83.28	87.72
Railroad Group	June 2	85.46	85.98	87.45	91.62
Public Utilities Group	June 2	85.33	85.59	87.45	97.94
Industrials Group	June 2	88.40	88.67	89.92	99.36
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 2	4.12	4.10	4.06	2.84
Average corporate	June 2	4.68	4.65	4.54	3.99
Aaa	June 2	4.44	4.41	4.32	3.57
Aa	June 2	4.54	4.51	4.39	3.79
A	June 2	4.70	4.68	4.52	4.02
Baa	June 2	5.02	5.01	4.92	4.58
Railroad Group	June 2	4.75	4.71	4.60	4.30
Public Utilities Group	June 2	4.76	4.74	4.60	3.88
Industrials Group	June 2	4.53	4.51	4.42	3.79
MOODY'S COMMODITY INDEX	June 2	389.2	388.4	389.2	402.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 23	297,960	232,974	311,340	242,408
Production (tons)	May 23	317,985	322,778	304,464	259,071
Percentage of activity	May 23	95	96	93	85
Unfilled orders (tons) at end of period	May 23	468,806	485,085	455,533	333,870
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 29	110.30	110.43	110.84	109.82
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 9	3,031,490	2,677,230	2,396,420	1,711,330
Short sales	May 9	474,190	459,070	393,710	389,200
Other sales	May 9	2,546,041	2,180,500	2,037,930	1,269,700
Total sales	May 9	3,020,231	2,639,570	2,431,640	1,658,900
Other transactions initiated on the floor—					
Total purchases	May 9	468,400	427,870	523,430	466,310
Short sales	May 9	87,900	45,100	14,200	40,400
Other sales	May 9	480,183	400,250	341,930	492,340
Total sales	May 9	568,083	445,350	356,130	532,740
Other transactions initiated off the floor—					
Total purchases	May 9	835,594	709,890	666,260	549,980
Short sales	May 9	130,590	104,640	63,350	195,630
Other sales	May 9	863,625	862,515	637,206	685,850
Total sales	May 9	994,215	967,155	700,556	881,480
Total round-lot transactions for account of members—					
Total purchases	May 9	4,335,484	3,814,990	3,386,110	2,727,620
Short sales	May 9	692,680	608,810	471,260	625,230
Other sales	May 9	3,889,849	3,443,265	3,017,066	2,447,890
Total sales	May 9	4,582,529	4,052,075	3,448,326	3,073,120
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 9	2,278,440	2,197,339	1,780,220	1,357,465
Dollar value	May 9	$125,781,158	$123,309,784	$94,095,907	$57,441,121
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 9	1,933,379	1,836,225	1,666,252	1,180,818
Customers' short sales	May 9	14,167	7,203	6,270	18,868
Customers' other sales	May 9	1,919,212	1,879,022	1,659,982	1,161,950
Dollar value	May 9	$104,855,472	$102,481,736	$85,350,334	$48,156,212
Round-lot sales by dealers—					
Number of shares—Total sales	May 9	485,180	465,730	461,530	327,950
Short sales	May 9				
Other sales	May 9	485,180	465,730	461,530	327,950
Round-lot purchases by dealers—Number of shares	May 9	774,890	701,140	574,490	501,140
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 9	1,173,650	672,960	556,580	953,240
Other sales	May 9	18,311,340	17,650,670	15,990,880	13,952,700
Total sales	May 9	19,484,990	18,323,630	16,547,460	14,905,940
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 26	119.5	*119.6	119.8	119.3
Farm products	May 26	91.1	90.6	92.1	97.4
Processed foods	May 26	107.6	107.7	107.59	113.2
Meats	May 26	101.9	102.4	102.8	115.4
All commodities other than farm and foods	May 26	127.8	*128.0	128.0	125.2

*Revised figure. ¶Includes 845,000 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
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of April:			
New England	$35,648,480	$81,039,758	$29,108,450
Middle Atlantic	153,915,373	151,199,036	93,135,873
South Atlantic	57,678,039	44,528,905	63,484,679
East Central	121,730,252	96,522,747	106,310,553
South Central	109,864,261	111,701,397	97,929,325
West Central	52,480,793	49,578,040	56,622,773
Mountain	36,749,757	30,276,024	22,589,537
Pacific	140,873,106	146,148,637	121,366,793
Total United States	$708,940,061	$710,994,544	$590,547,983
New York City	111,475,157	96,589,327	53,726,893
Outside New York City	597,464,904	614,405,217	536,821,090
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of April:			
Manufacturing number	202	210	257
Wholesale number	132	126	139
Retail number	671	625	737
Construction number	166	185	209
Commercial service number	121	117	116
Total number	1,292	1,263	1,458
Manufacturers' liabilities	$16,501,000	$22,558,000	$29,538,000
Wholesale liabilities	13,950,000	5,252,000	7,673,000
Retail liabilities	22,837,000	20,348,000	23,657,000
Construction liabilities	8,623,000	11,589,000	9,612,000
Commercial service liabilities	9,996,000	5,304,000	13,497,000
Total liabilities	$71,907,000	$65,051,000	$83,977,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of April:			
Cotton Seed—			
Received at mills (tons)	46,900	63,700	11,855
Crushed (tons)	364,100	467,100	254,651
Stocks (tons) April 30	405,500	722,800	515,526
Cake and Meal—			
Stocks (tons) April 30	166,400	139,800	74,516
Produced (tons)	169,000	210,100	737,823
Shipped (tons)	142,300	174,100	745,014
Hulls—			
Stocks (tons) April 30	104,900	110,600	131,038
Produced (tons)	86,100	110,300	60,739
Shipped (tons)	91,800	111,900	55,265
Linters—			
Stocks (bales) April 30	249,800	286,900	366,270
Produced (bales)	108,400	138,300	69,358
Shipped (bales)	145,400	160,800	66,645
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average = 100—Month of April:			
Sales (average monthly), unadjusted	118	114	116
Sales (average daily), unadjusted	116	112	114
Sales (average daily), seasonally adjusted	126	123	121
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of April:			
All manufacturing (production workers)	12,130,000	*12,114,000	11,310,000
Durable goods	6,990,000	*6,934,000	6,337,000
Nondurable goods	5,140,000	*5,180,000	4,973,000
Employment indexes (1947-49 Avge. = 100)—			
All manufacturing	166.5	*165.1	139.6
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	98.1	*97.9	91.4
Estimated number of employees in manufacturing industries—			
All manufacturing	15,991,000	*15,961,000	15,104,000
Durable goods	9,285,000	*9,210,000	8,564,000
Nondurable goods	6,706,000	*6,751,000	6,540,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of March:			
Death benefits	$278,000,000	$246,900,000	$262,700,000
Matured endowments	58,400,000	54,900,000	61,200,000
Disability payments	10,000,000	9,800,000	9,700,000
Annuity payments	52,900,000	54,700,000	50,200,000
Surrender values	137,500,000	117,500,000	126,600,000
Policy dividends	137,200,000	111,500,000	131,100,000
Total	$674,000,000	$595,300,000	$641,500,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of April (000,000's omitted):			
Ordinary	$4,353	$4,477	$4,053
Industrial	539	596	544
Group	702	715	971
Total	$5,594	$5,788	$5,568
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Feb. (000's omitted):			
Savings and loan associations	$864,881	$870,081	$637,584
Insurance companies	106,297	120,843	100,707
Banks and trust companies	426,340	453,677	304,411
Mutual savings banks	113,032	123,169	86,922
Individuals	283,912	300,641	252,673
Miscellaneous lending institutions	450,176	484,084	318,355
Total	$2,244,638	$2,352,495	$1,700,652
RUBBER MANUFACTURERS ASSOCIATION INC.—Month of March:			
Passenger Tires (Number of)—			
Shipments	9,252,580	7,433,778	6,620,561
Production	9,959,002	8,962,026	6,568,545
Inventory	20,181,357	19,435,050	19,786,283
Truck and Bus Tires (Number of)—			
Shipments	1,304,042	1,117,230	922,688
Production	1,390,661	1,307,937	1,003,984
Inventory	3,680,472	3,584,153	3,659,257
Tractor Implement Tires (Number of)—			
Shipments	447,911	370,381	353,325
Production	407,716	376,372	325,152
Inventory	931,272	965,575	742,884
Passenger Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	4,435,391	4,316,393	3,764,413
Production	4,459,094	4,093,794	3,685,427
Inventory	7,629,223	7,364,072	7,066,028
Tread Rubber (Camelback)—			
Shipments (pounds)	37,665,000	33,634,000	32,265,000
Production (pounds)	38,569,000	36,000,000	33,750,000
Inventory (pounds)	34,515,000	33,378,000	27,707,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of January:			
Net railway operating income	$36,160,073	$77,599,874	$31,914,880
Other income	25,446,728	60,987,252	25,001,994
Total income	61,606,801	138,587,126	56,916,874
Miscellaneous deductions from income	4,405,196	10,904,981	4,756,799
Income available for fixed charges	57,201,605	127,682,145	52,160,075
Income after fixed charges	25,826,000	96,141,650	20,907,870
Other deductions	4,290,571	7,716,409	3,994,820
Net income	21,535,429	88,425,241	16,913,050
Depreciation (way & structure & equipment)	50,773,747	50,634,888	49,796,956
Federal income taxes	17,579,658	22,278,634	12,334,194
Dividend appropriations:			
On common stock	24,338,440	62,604,437	26,996,198
On preferred stock	4,604,183	681,360	6,443,547
Ratio of income to fixed charges	1.82	4.05	1.67

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. (6/15-19)**
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.

★ **Aerojet-General Corp. (6/25)**
May 27 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay advances from General Tire & Rubber Co. **Office**—6352 North Irwindale Ave., Azusa, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

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 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 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 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. **Proceeds**—To discharge a bank loan; for drilling and exploration; and for general corporate purposes. **Underwriter** — National Securities Corp., Seattle, Wash.

★ **Apache Oil Corp.**
May 25 filed 350 units of participation in the Apache Oil Program 1960 and 70,000 rights for the purchase of common stock (par $1.25). The offering is being made only to the stockholders of the company. Each subscription to a unit in Apache Oil Program 1960, will entitle the subscriber to subscribe also to 200 rights for the purchase of one share per right of the company's $1.25 par value common stock. Warrants evidencing the rights will be nontransferable prior to Aug. 16, 1960, and will expire at 2:00 p.m., (CST) on Jan. 31, 1962. Unless Apache Oil Program 1960 commences operations on or before June 30, 1960, all unexercised rights will be void as of 2:00 p.m. (CST) on that date, and their purchase price will be refunded. **Price**—$12,000 per unit. **Proceeds** — For general corporate purposes. **Office** — 523 Marquette Avenue, Minneapolis, Minn. **Underwriter**—APA, Inc., the corporation's subsidiary.

Armstrong Uranium Corp.
Jan. 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Hepburn T. Armstrong, Round Up Heights, Cheyenne, Wyo. **Underwriter**—Bruno-Lencher, Inc., Pittsburgh, Pa.

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 Fund, Inc., St. Louis, Mo.**
June 2 filed (by amendment) an additional 40,000 fully paid Associated Fund Trust Certificates and 30,000 additional Accumulative Associated Fund Trust Certificates. **Price**—At market. **Proceeds**—For investment.

● **Atlantic Research Corp. (6/11)**
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**—$15 per share. **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 Cafeterias for Industry, Inc. (6/9)**
April 17 (letter of notification; subsequently amended) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For expansion, equipment and working capital. **Office**—450 Westbury Ave., Carle Place, L. I., N. Y. **Underwriter**—Caldwell Company, 26 Broadway, New York.

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.

● **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. **Note:** SEC to hold hearing June 18 regarding statements in prospectus.

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.**
May 8 filed $8,542,000 of convertible debentures due 1979, being 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**—100% of principal amount. **Proceeds** — To retire al 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. Rights expire June 20. **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 Street, Santa Monica, Calif. **Underwriter** — Bear, Stearns & Co., New York.

★ **Bluegrass Oil & Gas Corp.**
May 19 (letter of notification) 3,000 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—For gas and oil exploration. **Office**—310 W. Liberty St., Louisville, Ky. **Underwriter**—None.

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.

★ **Cemex Industries, Inc.**
May 26 filed 200,500 shares of common stock, of which 170,000 shares are to be offered publicly. The remaining 30,500 shares are subject to sale under stock purchase options granted to employees. **Price**—$3 per share. **Proceeds**—For purchase of properties, for construction of additional warehousing space, and for working capital. **Office**—2822 35th St., Tampa, Fla. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

★ Central American Mineral Resources, S. A.
May 27 filed 620,000 shares of common stock, of which 500,000 shares are to be offered for the account of the company and 120,000 shares for the account of certain selling stockholders. **Price**—$1 per share. **Proceeds**—To finance acquisitions and to increase working capital. **Office**—161 East 42nd St., New York, N. Y. **Underwriter**—None.

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
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.
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, $20,000,000 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.

Compudyne Corp. (6/26)
May 15 filed 214,071 shares of common stock (par 25 cents), of which 172,000 shares are to be offered for the 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.

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. (6/8)
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.
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.

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NEW ISSUE CALENDAR

June 4 (Thursday)

Connecticut Water Co. — Common
(Offering to stockholders—underwritten by Putnam & Co.) 38,004 shares

Nuclear Electronics Corp. — Common
(Charles Plohn & Co.) $750,000

Seaboard Air Line Ry. — Equip. Tr. Ctfs.
(Bids to be invited) $4,470,000

Teleflex Ltd. — Common
(Drexel & Co.) 75,000 shares

June 5 (Friday)

Crown Self-Service Stores, Inc. — Common
(Charles Plohn & Co.) $1,250,000

Poly Industries, Inc. — Common
(Van Alstyne, Noel & Co.) 200,000 shares

Spiegel, Inc. — Debentures
(Offering to stockholders—underwritten by Wertheim & Co.) $15,417,500

June 8 (Monday)

Continental Tobacco Co., Inc. — Common
(Best Securities, Inc.) $125,000

Electronics Capital Corp. — Common
(Hayden, Stone & Co.) $18,000,000

Emery Industries, Inc. — Debentures
(Offering to stockholders—no underwriting) $6,103,700

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

Hirsch (P. N.) & Co. — Common
(Newhard, Cook & Co.) 132,500 shares

Ideal Precision Meter Co., Inc. — Common
(Charles Plohn & Co.) $615,625

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

Telectro Industries Corp. — Common
(Milton D. Blauner & Co., Inc.) $600,000

Worthington Products, Inc. — Debens. & Com.
(B. Fennekohl & Co.) $150,000

June 9 (Tuesday)

Automatic Cafeterias for Industry, Inc. — Common
(Caldwell Company) $300,000

Duke Power Co. — Preferred
(Bids 11 a.m. EDT) $25,000,000

Sterling Television Co., Inc. — Common
(R. A. Holman & Co., Inc.) $200,000

Will Ross, Inc. — Common
(Blunt Ellis & Simmons) 88,512 shares

June 10 (Wednesday)

Benson-Lehner Corp. — Common
(Bear, Stearns & Co.) 29,620 shares

Electronic Engineering Co. — Common
(Kidder, Peabody & Co., Inc.) 100,000 shares

Food Fair Properties Development Inc. — Bonds
(Eastman Dillon, Union Securities & Co.) $7,500,000

Multi-Amp Electronic Corp. — Common
(G. Everett Parks & Co., Inc.) $298,500

June 11 (Thursday)

Atlantic Research Corp. — Common
(Johnston, Lemon & Co.) 100,000 shares

Fedders Corp. — Debentures
(Offering to stockholders—underwritten by Allen & Co.) $3,815,800

Polarad Electronics Corp. — Common
(Kidder, Peabody & Co.) 100,000 shares

June 12 (Friday)

Kaltman (D.) & Co., Inc. — Common
(Offering to stockholders—underwritten by Bear, Stearns & Co.) 1,406,141 shares

Plastic Materials & Polymers, Inc. — Common
(Filor, Bullard & Smyth) 143,750 shares

June 15 (Monday)

Accurate Specialties, Inc. — Common
(Milton D. Blauner & Co., Inc. and Stanley Heller & Co.) $237,500

Alsco, Inc. — Debentures
(Hirsch & Co.; Bache & Co. and Equitable Securities Corp.) $4,000,000

American Commercial Corp. — Pfd.-Common
(Phoenix Securities) $300,000

Crosby-Teletronics Corp. — Common
(Myron A. Lomasney & Co.) $843,750

Investors Funding Corp. of New York — Debens.
(Offering not underwritten) $500,000

Land Equities, Inc. — Common
(Ross, Lyon & Co., Inc.) $200,000

Microwave Associates, Inc. — Common
(Lehman Brothers) 100,000 shares

Narda Ultrasonics Corp. — Common
(Torpie & Saltzman) 20,000 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

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

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)

Fabrex Corp. — Common
(Bache & Co.) 300,000 shares

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 11 a.m. EDT) $4,500,000

Smith (H. C.) Oil Tool Co. — Common
(William R. Staats & Co.) 100,000 shares

United Gas Improvement Co. — Bonds
(Bids 11 a.m. EDT) $10,000,000

Voss Oil Co. — Common
(Hill, Darlington & Co.) $1,000,000

Walter (Jim) Corp. — Common
(Alex. Brown & Sons) 150,000 shares

Walter (Jim) Corp. — Bonds
(Alex. Brown & Sons) $1,250,000

June 17 (Wednesday)

American Bakeries Co. — Common
(Merrill Lynch, Pierce, Fenner & Smith) 60,000 shares

Gilpin (Henry B.) Co. — Debentures
(Alex Brown & Sons) $725,000

Gilpin (Henry B.) Co. — Common
(Alex Brown & Sons) 17,500 shares

Peoples Drug Stores, Inc. — Common
(Alex. Brown & Sons and Kidder, Peabody & Co.) 121,000 shares

June 18 (Thursday)

Worcester Gas Light Co. — Bonds
(Bids 11 a.m. EDT) $5,000,000

June 22 (Monday)

Jefferson Wire & Cable Corp. — Common
(Charles Plohn & Co. and Netherlands Securities Co., Inc.) $375,000

Medearis Industries, Inc. — Common
(Amos Treat & Co., Inc.) $750,000

Micronaire Elec. Med. Prods. Corp. — Com. & Warr.
(General Investing Corp.) $550,000

Philip Morris Inc. — Debentures
(Lehman Brothers and Glore, Forgan & Co.) $40,000,000

Radar Design Corp. — Common
(Charles Plohn & Co.) $360,000

Telemeter Magnetics, Inc. — Common
(Lehman Brothers; Hallgarten & Co. and Hemphill, Noyes & Co.) 150,000 shares

June 23 (Tuesday)

Brockton Edison Co. — Bonds
(Bids 11:30 a.m. EDT) $5,000,000

Northern Illinois Gas Co. — Bonds
(Bids 10 a.m. CDT) $20,000,000

Ryan Aeronautical Co. — Common
(Dean Witter & Co.) 330,000 shares

June 24 (Wednesday)

Financial Federation, Inc. — Common
(Kidder, Peabody & Co.) 300,000 shares

Long Island Lighting Co. — Bonds
(Bids to be invited) $25,000,000

Montecatini Italy — Debentures
(Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co.) $10,000,000

Southern Pacific Co. — Equip. Tr. Ctfs.
(Bids to be invited) $6,000,000

Wesco Financial Corp. — Common
(Goldman, Sachs & Co.) 387,300 shares

June 25 (Thursday)

Aerojet-General Corp. — Common
(Kidder, Peabody & Co.) 175,000 shares

International Recreation Corp. — Common
(Paine, Webber, Jackson & Curtis) $1,715,000

Mississippi Power Co. — Bonds
(Bids 11 a.m. EDT) $5,000,000

June 26 (Friday)

Compudyne Corp. — Common
(Milton D. Blauner & Co., Inc. and Hallowell, Sulzberger, Jenks, Kirkland & Co.) $642,213

General Precision Equipment Corp. — Preferred
(Offering to stockholders—underwritten by The First Boston Corp. and Tucker, Anthony & R. L. Day) 105,927 shares

June 30 (Tuesday)

Montreal Canada — Debentures
(Bids to be invited) $20,000,000

July 6 (Monday)

Technical Operations, Inc. — Common
(Bear, Stearns & Co.) 75,000 shares

July 7 (Tuesday)

Northrop Corp. — Debentures
(William R. Staats & Co. and Blyth & Co., Inc.) $10,000,000

July 14 (Tuesday)

Jersey Central Power & Light Co. — Bonds
(Bids 11 a.m. EDT) $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 17 (Thursday)

Georgia Power Co. — Bonds
(Bids to be invited) $18,000,000

Continued from page 39

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.

★ Cooperative Trading, Inc.
May 19 (letter of notification) 5,000 shares of common stock to be offered to members or applicants for membership. **Price**—At par ($10 per share). **Proceeds**—To pay indebtedness, etc. **Office**—665 McAlister Ave., Waukegan, Ill. **Underwriter**—None.

Cree Mining Corp. Ltd.
April 17 filed 260,000 shares of common stock. **Price**—60 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 43,460 shares of 5% convertible pfd. 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. (6/5)
April 10 filed 250,000 units, each unit consisting of one share of common stock and two common stock purchase warrants. One warrant, exercisable at $5.50 per share of common, expires 18 months after its date; other warrants, exercisable at $6 per share, expires 30 months from its date Warrants cannot be exercised until one year after their date. **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**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

Cycon, Inc.
March 23 (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.
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.

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.

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.

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.

★ Duke Power Co. (6/9)
May 6 filed 250,000 shares of cumulative preferred stock, series B (par $100). **Proceeds** — To finance in part the cost of the company's continuing construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; 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 at the office of the Morgan Guaranty Trust Co., Room 2322, 15 Broad St., New York, N. Y.

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.

★ Edo Corp.
May 29 (letter of notification) 19,704 shares of class B stock and 19,704 shares of class A stock to be offered to certain key employees under an Employees' Stock Option Plan. **Proceeds** — For working capital. **Office**—14-04 111th St., College Point 56, N. Y. **Underwriter**—None.

★ El Paso Electric Co.
May 27 filed 50,000 shares of common stock, to be purchased pursuant to the company's Employee Stock Purchase Plan.

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. (6/8)
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.

★ Enamo-Bord Products Inc.
May 14 (letter of notification) 61,708 shares of class A common stock (par 50 cents) to be offered to stockholders. Unsubscribed shares will be offered to the public. **Price**—$2.50 per share. **Proceeds**—For working capital and to obtain new dealerships. **Office** — East 2626 Trent Ave., Spokane, Wash. **Underwriter**—Pacific Inter-Mountain Securities, Inc., for any publicly offered shares.

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. (6/16)
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.

★ Fanon Electronic Industries, Inc.
May 29 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To retire an outstanding bank loan; and the balance will provide working capital to finance increased inventories and accounts receivable. **Office**—98 Berriman St., Brooklyn, N. Y. **Underwriter**—L. D. Sherman & Co., New York.

★ Farmers Mutual Telephone Co. of Clarinda
May 19 (letter of notification) 1,531 shares of common stock (par $100) to be offered to stockholders for a period of 60 days at book value as reflected by the company's books at the end of each 30-day period on a pro rata basis of one-half share for each share now held. Unsubscribed shares will be offered to the public. **Price**—Estimated at $140 per share. **Proceeds**—Working capital, etc. **Office**—106-108 W. Chestnut St., Clarinda, Iowa.

● Fedders Corp., Long Island, N. Y. (6/11)
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 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.

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.

★ Financial Federations, Inc. (6/24)
May 27 filed 300,000 shares of capital stock (par $1). A portion thereof (unspecified; to be supplied by amendment) is to be offered for the account of the company and the balance for certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To repay a bank loan and for working capital. **Office**—210 West Seventh St., Los Angeles, Calif. **Underwriter**—Kidder, Peabody & 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.

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. (6/10)
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 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.

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.

★ Fran-Well, Inc.
May 25 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—100 E. Minner St., Oildale, Calif. **Underwriter**—None.

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 sub-

sidiary, Moffett Engineering, Inc.— Underwriter—First Trust Co. of Lincoln, Neb.

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.

★ Gestetner, Ltd. (England)
June 1 filed American Depositary Receipts for 80,000 shares of "A" ordinary registered stock. Depositary—The Morgan Guaranty Trust Co., New York, N. Y.

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. (6/17)
May 19 filed $725,000 6% convertible subordinated debentures due June 1, 1974, and 17,500 shares of class A common stock (no par). 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 (par $1). 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.

Government Employees Variable Annuity Life Insurance Co.
Nov. 13 filed 2,500,000 shares of common stock (par $1) to be offered by company viz: (1) to holders of common stock (par $4) of Government Employees Insurance Co., on the basis of one warrant per share of stock held (1,334,570 shares are now outstanding); (2) to holders of common stock (par $1.50) of Government Employees Life Insurance Co., on the basis of 1½ warrants per share of stock held (216,429 shares are now outstanding); and (3) to holders of common stock (par $5) of Government Employees Corp., on the basis of ½ warrant per share of stock held (as of Dec. 31, 1958 there were 143,703 shares of stock outstanding and $589,640 of 5% convertible capital debentures due 1967, convertible into shares of common at $28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,733 common shares would be outstanding. Price—$3 per share. Proceeds—For capital and surplus. Office—Government Employees Insurance Bldg., Washington, D. C. Underwriters — Johnston, Lemon & Co., Washington, D. C.; Eastman Dillon, Union Securities & Co., New York; and Abacus Fund, Boston, Mass. Offering—Indefinitely postponed.

★ Greenwich Gas Co.
May 22 (letter of notification) 23,000 shares of common stock (no par) to be offered to stockholders of record June 1, 1959 on the basis of one new share for each eight shares then held with additional subscription rights subject to allotment. Rights expire June 15. Unsubscribed shares will be offered to the public. Price—$12.50 per share. Proceeds—To pay bank loans and for working capital. Office—33 Greenwich Ave., Greenwich, Conn. Underwriter—F. L. Putnam & Co., Inc., Boston, Mass.

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.

★ Hamilton Cosco, Inc., Columbus, Ind.
June 3 filed 50,000 shares of common stock. Price—To be supplied by amendment. Proceeds—To selling stockholders. Underwriter — City Securities Corp., Indianapolis, Ind.

★ Hausman Steel Co., Toledo, Ohio
June 2 filed 80,000 shares of common stock. Price—To be supplied by amendment. Proceeds — To retire short term bank loans, for general corporate purposes and for expansion of the company's business. Underwriters—Howard, Weil, Labousse, Friedrichs & Co., New Orleans, La.; and The Ohio Company, Columbus, Ohio.

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.

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. (6/8-9)
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.

Home-Stake Production Co., Tulsa, Okla.
Nov. 5 filed 116,667 shares of common stock (par $5). Price—$6 per share. Proceeds—For working capital and general corporate purposes. Office — 2202 Philtower Bldg., Tulsa, Okla. Underwriter—None.

★ Household Gas Service, Inc., Clinton, N. Y.
May 25 (letter of notification) 5,000 shares of common stock. Price—At par ($10 per share). Proceeds—For repayment of debt; purchase of equipment and for working capital. Underwriter—Mohawk Valley Investing Co., Inc., Utica, N. Y.

● Ideal Precision Meter Co., Inc. (6/8-12)
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.

Industrial Minerals Corp., Washington, D. C.
July 24 filed 600,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—To develop and operate graphite and mica properties in Alabama. Underwriters—Dearborn & Co. and Carr-Rigdom & Co. both of Washington, D. C., on a best efforts basis. Statement effective Nov. 18.

Information Systems, Inc., Skokie, Ill.
April 21 filed 170,000 shares of common stock to be offered for subscription by common stockholders of Panellit, Inc., at rate of one new share for each three Panellit common shares held of record May 15, 1959. Price—$3.50 per share. Proceeds—To pay notes, for research and development costs; and working capital. Underwriter—None.

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 Recreation Corp. (6/25)
May 14 filed 2,750,000 shares of common stock (par 50 cents). The issue was later reduced by amendment to 980,000 shares. 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.

● Investors Funding Corp. of New York (6/15)
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.

★ Investors Planning Corp of America, New York
June 2 filed $20,000,000 of single investment plans and $80,000,000 of systematic investment plans and systematic plans with insurance, for the accumulation of shares of National Investors Corp. Price—At market. Proceeds—For investment.

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 Corp. (6/22-26)
May 27 filed 100,000 shares of common stock (no par). Price—$3.75 per share. Proceeds — To pay off various indebtedness, for purchase of machinery, equipment and raw materials, for plant facilities, for sales promotion, and for working capital. Office—Sutton, Mass. Underwriters—Charles Plohn & Co. and Netherlands Securities Co., Inc., both of New York.

● 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 up to 11 a.m. (EDT) 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. (6/12)
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.

● Land Equities, Inc., Santa Monica, Calif. (6/15-19)
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.
April 30 filed (by amendment) 2,000,000 shares of common stock (par $1). Price—$2 per share. Proceeds—For machinery and equipment and exploration purposes. Underwriter—None.

Lefcourt Realty Corp.
Jan. 29 filed 3,492,000 shares of common stock, of which 2,622,000 shares were issued in exchange for all of the common stock of Desser & Garfield, Inc., and D. G. & R., Inc.; 750,000 shares will be used for the exercise of an option by the company to purchase from Big Mound Trail Corp. some 3,784.9 acres of land on or before June 15, 1959; and the remaining 120,000 shares were sold for the account of a selling stockholder during April, 1959. Underwriter—None.

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★ Long Island Lighting Co. (6/24)
May 28 filed $25,000,000 of first mortgage bonds series K, due 1989. **Proceeds**—To be used for construction of utility plant and to pay short-term bank loans made for such purposes. **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.

LuHoc Mining Corp.
Sept. 29 filed 350,000 shares of common stock. **Price**—$1 per share. **Proceeds** — For the acquisition of properties under option and for various geological expenses, test drilling, purchase of equipment, and other similar purposes. **Offices**—Wilmington, Del., and Emporium, Pa **Underwriter**—None.

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.
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. **Subscription Basis**—$100 principal amount of debentures for each 28 shares of common. **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.

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.

● Medearis Industries, Inc. (6/22-26)
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.

★ Micronaire Electro Medical Products Corp. (6/22)
June 1 filed 200,000 shares and 50,000 one-year warrants for the purchase of common stock, to be offered for public sale in units of 100 shares of common stock and 25 warrants. The registration also includes an additional 200,000 three-year warrants, exercisable at $3, of which 150,000 have been issued to certain stockholders and employees. **Price**—$275 per unit. **Proceeds**—To discharge indebtedness; for expansion of sales efforts; and for working capital. **Office**—79 Madison Ave., New York. **Underwriter**—General Investing Corp., New York.

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.

Millsap Oil & Gas Co.
Dec. 23 filed 602,786 shares of common stock. **Price**—$1 per share. **Proceeds** — For additional working capital. **Office**—Siloam Springs, Ark. **Underwriter**—None.

★ Mississippi Power Co. (6/25)
May 29 filed $5,000,000 of first mortgage bonds due July 1, 1989. **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). **Bids**—To be received up to 11 a.m. (EDT) on June 25 at the office of the service company, Southern Services, Inc., Room 1600, 250 Park Ave., New York 17, N. Y.

★ Montecatini (6/24)
June 2 filed $10,000,000 of sinking fund dollar debentures due June 15, 1979, and warrants to purchase capital shares of the company. The debentures will be offered in units consisting of a debenture in the principal amount of $1,000 and a warrant to purchase a number of capital shares having a market value of approximately $500 at date of issue. **Price** — To be supplied by amendment. **Business**—The largest company in Italy in both chemical production and mining. **Proceeds**—For construction in the United States of a plant for the manufacture of isostatic polypropylene and other petrochemicals. **Underwriters** — Lazard Freres & Co., Lehman Brothers and Kuhn, Loeb & Co., all of New York.

● Multi-Amp Electronic Corp. (6/10)
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. (6/15)
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.

★ New Britain Machine Co., New Britain, Conn.
May 20 (letter of notification) 3,000 shares of common stock (par $10) to be offered to employees. **Price**—At the average price over-the-counter market, determined by mean between bids and asks for the week ending May 23, 1959. Rights expire June 18, 1959. **Proceeds**—For employees savings plan. **Underwriter**—None.

New York Shipbuilding Corp.
March 20 filed 83,334 shares of common stock, to be offered in exchange for common stock of Higgins, Inc., at the rate of one share of New York Shipbuilding common for each 24 shares of Higgins common. The offer will expire on June 30. Statement effective April 16.

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.

★ Northern Illinois Gas Co. (6/23)
May 27 filed $20,000,000 of first mortgage bonds due 1984. **Proceeds**—To retire bank loans, and for construction 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**—To be received up to 10 a.m. (CDT) on June 23.

● 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., 26 Broadway, New York, N. Y. **Offering**—Expected in July.

● Nuclear Electronics Corp. (6/4)
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.

O. K. Rubber Welders, Inc.
Dec. 15 filed 60,600 shares of common stock, $43,333.33 of 3¼% debentures maturing on or before May 6, 1965 $692,000 of 6% debentures maturing on or before Dec 31, 1974 and $123,000 of 7% debentures due on or before May 6, 1965 The company proposes to make a public offering of 25,000 shares of common stock at $10 per share. The remaining shares and the debentures are subject to an exchange offer between this corporation O. K. Rubber, Inc., and O. K. Ko-op Rubber Welding System, on an alternative basis. **Proceeds**—Of the public offering, will be used for additional working capital and/or to service part of the company's debt. **Office**—551 Rio Grande Ave., Littleton, Colo. **Underwriter**—None. Statement effective April 13.

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.

Paramount Mutual Fund, Inc.
Jan. 2 filed 300,000 shares of capital stock. **Price**—Minimum purchase of shares is $2,500. **Proceeds**—For investment. **Office**—404 North Roxbury Drive, Beverly Hills, Calif. **Underwriter**—Paramount Mutual Fund Management Co. Statement effective April 14.

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. (6/17)
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.

Permachem Corp., New York
March 31 filed 2,041,331 shares of class A common stock (par 10 cents) and 1,917 shares of class B common stock (par 10 cents). This covers the transfer of certain shares pursuant to option agreements. **Price** — At over-the-counter market prices. **Underwriter**—None.

● Philadelphia Electric Co.
May 7 filed 640,306 shares of common stock (no par) being 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**—$45.50 per share. **Proceeds** — To repay bank loans and for construction program. **Underwriters**—Drexel & Co. and Morgan Stanley & Co., both of New York.

★ Philip Morris Inc. (6/22)
June 2 filed $40,000,000 of 25-year sinking fund debentures due 1979. **Price** — To be supplied by amendment. **Proceeds** — To reduce short-term bank loans. **Underwriters** — Lehman Brothers and Glore, Forgan & Co., both of New York.

Philippine Oil Development Co., Inc.
April 10 filed 221,883,614 shares of capital stock, to be offered for subscription by holders of outstanding stock at the rate of one new share for each two shares held.

Price—To be supplied by amendment. Proceeds—For working capital. Office—Soriano Building, Plaza Cervantes, Manila (P. I.). Underwriter—None.

Phillips-Van Heusen Corp.
April 21 filed 69,210 shares of common stock, to be offered in exchange for common stock of Kennedy's, Inc., in the ratio of 1½ shares of Phillips-Van Heusen stock for one share of Kennedy's stock.

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 Minerals & Polymers, Inc. (6/12)**
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. (6/11)**
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. (6/5)**
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 —12177 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.

Prudential Enterprises, Inc.
Jan. 15 (letter of notification) 200,000 shares of common stock (par one cent) of which 170,000 shares are to be sold by the company and 30,000 shares by a selling stockholder. Price — $1.50 per share Proceeds — For general expansion and working capital. Office—1108 16th Street, N.W., Washington 6, D. C. Underwriter—John C. Kahn Co., Washington, D. C.

Purepac Corp., New York
March 31 filed 260,000 shares of common stock (par five cents). Price—$3 per share. Proceeds—To repay loans and for general corporate purposes. Business—Manufacturers and packager of proprietary drug items. Underwriter — Richard Bruce & Co. Inc., 26 Broadway, New York 4, N. Y.

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. (6/4)**
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.

● **Radar Design Corp., Syracuse, N. Y. (6/22)**
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.

★ **Radinsky Investment Co.**
June 1 filed 100,000 shares of common stock. Each purchaser of stock is entitled to receive one stock purchase warrant for each five shares of stock acquired. The warrants will entitle the holder to acquire one share of common for each five shares of stock acquired. Price—$2 per share. Proceeds—For working capital. Office—2000 W. Colfax Ave., Denver, Colo. Underwriters—Amos C. Sudler & Co., and Purvis & Co., both of Denver, Colo.

Raindor Gold Mines, Ltd.
Jan. 28 (letter of notification) 290,000 shares of common stock (par $1). Price—$1 per share. Proceeds—To prove up ore and for road and camp construction. Office—At Suite 322, 200 Bay St., Toronto, Ont., Canada, and c/o T. Arnold, Wilson Circle, Rumson, N. J. Underwriter—Sano & Co., New York, N. Y.

Rapid-American Corp., New York
April 13 filed $7,209,640 of 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.

Rassco Financial Corp.
June 26 filed $1,000,000 of 15-year 6% series A sinking fund debentures due 1973, to be offered in denominations of $500 and $1,000. Price—At par. Proceeds—For working capital and general corporate purposes. Underwriter—Rassco Israel Corp., New York, on a "best efforts" basis.

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 (par $1). Price—Related at the time of offering to the then current price on the New York 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.**
March 30 filed $1,500,000 of 6% convertible debentures due 1969, being offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 300 common shares held as of June 3; rights to expire on June 18. 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.

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 (£ nominal value). According to the prospectus, an offer has been made by Royal Dutch and Shell 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. (6/23)**
May 26 filed 330,000 shares of common stock (no par), 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.; First Boston 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.

★ **Securities Acceptance Corp.**
May 25 (letter of notification) 10,000 shares of 5% cumulative preferred stock (par $25). Price—$25.50 per share. Proceeds—For working capital. Office—304 S. 18th St., Omaha, Neb. Underwriters—First Trust Co. of Lincoln, Lincoln, Neb.; Wachob-Bender Corp., Omaha, Neb., and Cruttenden, Podesta & Co., Chicago, Ill.

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. (6/16)**
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.

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. (6/9)**
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.

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

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own at least 90% of the outstanding Suntide shares. **Underwriter**—None.

Super-Sol Ltd.
March 25 filed 250,000 shares of common stock. **Price**—At par (19,800 Israeli pounds—equivalent to $11 per share in U. S. funds), payable up to 90% in State of Israel Independence Issue and Development Issue Bonds, and the balance in cash. **Proceeds**—For expansion program. **Office** — 79 Ben Yehuda St., Tel Aviv, Israel. **Underwriter**—American Israel Basic Economy Co., New York, N. Y.

● **Superior Window Co. (6/15)**
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.

★ **Technical Operations Inc. (7/6)**
May 29 filed 75,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For construction program, for investment in subsidiaries, for working capital and other corporate purposes. **Office** — South Ave., Burlington, Mass. **Underwriter**—Bear, Stearns & Co., 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. (6/4)**
May 6 filed 67,000 shares of common stock (no par), of which 42,000 shares are to be sold for the account of the company and 25,000 shares for Teleflex Products Ltd. **Price**—$20.50 per share. **Proceeds**—For additional equipment and working capital. **Office**—461 King St., W., Toronto, Canada. **Underwriter**—Drexel & Co., New York.

● **Telemeter Magnetics, Inc. (6/22)**
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.

★ **Terminal Tower Co., Cleveland, Ohio**
May 29 filed $3,300,000 of 6% sinking fund debentures due July 1, 1969, with common stock purchase warrants for the purchase of the company's common stock at the price of $30 per shares and at the rate of 10 shares for each $1,000 of debentures. **Price** — 100% of principal amount. **Proceeds** — For acquisition of the Terminal Tower Building, Cleveland, Ohio. **Underwriter**—Fulton Reid & Co., Cleveland, Ohio.

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.

★ **Tip Top Products Co.**
May 29 filed $850,000 of 6% first mortgage sinking fund bonds, series A (with warrants for 17,000 shares of class A common stock), and 100,000 shares of class A common stock. **Price** — For stock, $10 per share; for bonds, at 100% of principal amount. **Proceeds**—To retire the present mortgage debt of the company, to pay off short-term bank borrowings, and for working capital. **Office**—1515 Cuming St., Omaha, Neb. **Underwriters** — J. Cliff Rahel & Co., Omaha, Neb.; and The First Trust Co. of Lincoln, Neb.

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.

Trusteed Funds, Inc., Boston, Mass.
May 21 filed (by amendment) an additional 600 Commonwealth Fund Indenture of Trust Periodic Payment Plans A and 600 such Plans B. **Price**—At market. **Proceeds**—For investment.

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) being 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 Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo.

United States Glass & Chemical Corp.
Nov. 26 filed 708,750 outstanding shares of common stock. **Price**—At market. **Proceeds** — To selling stockholders. **Office**—Tiffin, Ohio. **Underwriter**—None.

Uranium Corp. of America, Portland, Ore.
April 30, 1957 filed 1,250,000 shares of common stock (par 16 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Utah 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.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

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.

★ **Victory Markets, Inc.**
May 25 (letter of notification) 20,000 shares of class A common stock (par $2). **Price**—$14.52 per share. **Proceeds**—For inventory and equipment and for working capital. **Office**—54 E. Main St., Norwich, N. Y. **Underwriter**—S. D. Lunt & Co., Buffalo, N. Y.

● **Virginia Electric & Power Co.**
April 28 filed 710,000 shares of common stock (par $8) being 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. **Price** per share is $33. **Proceeds**—For construction program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc.

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.

★ **Voss Oil Co. (6/16)**
May 27 filed 1,231,779 shares of class A common stock, of which 231,779 shares will be issued to creditors. **Price**—$1 per share. **Proceeds**—To be used for a waterflood program, and for working capital and other corporate purposes. **Office**—211 South Seneca St., Newcastle, Wyo. **Underwriter**—Hill, Darlington & Co., 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.

● **Walter (Jim) Corp. (6/16)**
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.

★ **Wells Industries Corp.**
May 14 (letter of notification) 66,600 shares of common stock (par 50 cents) to be offered for subscription by stockholders on the basis of one new share for each five shares held. **Price**—$3 per share. **Proceeds**—To develop two place lightweight gasoline driven golf carts and for working capital. **Office** — 6880 Troost Blvd., North Hollywood, Calif. **Underwriter**—None.

★ **Wesco Financial Corp. (6/24)**
June 1 filed 387,300 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Business**—Savings and loan holding company. **Office**—315 East Colorado St., Pasadena, Calif. **Underwriters**—Goldman, Sachs & Co., New York; and William Blair & Co., Chicago, Ill.

★ **Western California Telephone Co.**
June 1 filed 44,729 shares of common stock, to be offered for subscription by stockholders of record June 17, 1959, at the rate of one new share for each three common, and one new share for each five shares of preferred stock held on that date. **Price**—$17.50 per share. **Proceeds**—Together with other funds, will be applied to the repayment of borrowings for construction and/or for additional construction in 1959. **Office**—15900 San Jose-Los Gatos Road, Los Gatos, Calif. **Underwriter**—None.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

★ **White-Rogers Co.**
May 28 filed $1,000,000 of convertible subordinated debentures due July 1, 1979. **Price** — To be supplied by amendment. **Proceeds**—To pay for part of the cost of

constructing and equipping a new building in Affton, Mo. Office—1209 Cass Ave., St. Louis, Mo. Underwriters—Scherck, Richter Co., and Semple, Jacobs & Co., Inc., both of St. Louis, Mo.

Will-Ross, Inc. (6/9)
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.

Wilmington Country Club, Wilmington, Del.
Oct. 27 filed $500,000 of debentures due 1991 (non interest bearing) and 800 shares of common stock (par $25) to be offered to members of this club and of Concord Ltd. **Price**—$375 per common share and $1,000 per debenture. **Proceeds** — To develop property and build certain facilities. **Underwriter**—None.

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.

Wyoming Corp.
Nov. 17 filed 1,449,307 shares of common stock. Of these shares 1,199,307 are subject to partially completed subscriptions at $2, $3.33 and $4 per share; and the additional 250,000 shares are to be offered initially to shareholders of record Nov. 1, 1958, in the ratio of one new share for each 2.33 shares held on that date. **Price**—$4 per share. **Proceeds**—$300,000 will be used for payments on contract to purchase shares of International Fidelity Insurance Co.; $325,000 for capitalization of a fire insurance company; $500,000 for capitalization of a title insurance company; $500,000 for additional capital contribution to Great Plains Development Co.; and $300,000 as an additional capital contribution to Great Plains Mortgage Co. **Office**—319 E. "A" St., Casper, Wyo. **Underwriter**—None.

Prospective Offerings

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.
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.

★ Big Apple Supermarkets, Inc.
June 2 it was announced that the company plans the issuance of 425,000 shares of common stock. **Proceeds**—To be used for expansion program and working capital. **Underwriter**—Simmons & Co., New York. **Registration**—Expected about June 10. **Offering**—Expected sometime during July.

● 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 on June 15.

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., jointly.

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.
Stockholders voted April 28 to increase 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.

● Georgia Power Co. (9/17)
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. 10. **Bids**—Expected to be received on Sept. 17.

★ Hoffman Laboratories, Hillsdale, N. J.
June 2 it was reported that the company through a Regulation "A" filing plans an offering of 50,000 shares of common stock. **Price** — $6 per share. **Underwriter**—Myron A. Lomasney & Co., New York. **Registration**—Expected on June 12.

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).

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.

★ Mallinckrodt Chemical Works
June 2 it was announced that company contemplates the issuance of $6,000,000 convertible debentures. **Office**—Second & Mallinckrodt Sts., St. Louis, Mo. **Underwriter**—Newhard, Cook & Co., St. Louis, Mo.

★ Montreal, Canada (6/30)
June 2 it was announced that the City plans to offer about $20,000,000 of debentures. **Proceeds**—To be used for various public works projects. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers, White, Weld & Co., Eastman Dillon, Union Securities & Co. and Blyth & Co., Inc. (jointly); Shields & Co., Halsey, Stuart & Co. Inc., Savard & Hart and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on June 30.

★ Newark Electric Co. of Chicago
June 2 it was reported that company plans some financing. **Business**—Distributor of electronic parts. **Offering**—Expected in August or September.

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.

★ North Hills Electric Co. (7/15)
June 2 it was announced that the company plans the issuance of 300,000 shares of common stock. **Price**—$1 per share. **Office**—Mineola, New York. **Underwriter**—Simmons & Co., New York. **Registration** — Expected about June 10.

★ Northrop Corporation (7/7)
June 1 it was reported that company is planning to sell $10,000,000 subordinated convertible debentures. **Underwriters** — William R. Staats & Co., Los Angeles, Calif.; and Blyth & Co., Inc., New York. **Registration**—Expected about 15.

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.

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. **Registration**—Expected about June 18.

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. **Registration**—Expected shortly.

★ Toronto (Municipality of Metropolitan) Canada
June 4 expected to file $39,982,000 of sinking fund and serial debentures. **Price**—To be supplied by amendment. **Underwriters**—Harriman Ripley & Co. Inc. and Dominion Securities Corp., both of 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.

Energy's Assets at $8 Million High

Total assets of Energy Fund, a no-load mutual fund specializing in the energy industries, on May 6, 1959, reached a record high of $8,008,145, equal to $21.69 per share, up from $950,216, or $12.00 a share at October 19, 1955, date of the first public offering of the Fund's shares. During the three and one-half year period, Energy Fund's net asset value per share price increased 86%, including capital gains distributions totaling $0.64.

Energy Fund's six largest holdings are Philadelphia & Reading, Philips Lamps, Texas Instruments, Royal Dutch, Ampex Corp. and Tampa Electric.

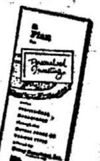
Star performers during the three and one-half year period are the Fund's three largest holdings: Philadelphia & Reading; Texas Instruments, and Philips Lamps.

Other Energy Fund investments which have doubled in value and have contributed to the rise in total net assets from less than $1 million. October, 1955, to $8 million, are Cutler-Hammer, FXR Inc., Litton Industries, Machlett Laboratories, Nuclear Development Corporation of America, and Packard-Bell Electronics.

Two With Merrill Lynch

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal. — William G. Dempsey and John C. Leathers are now affiliated with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 301 Montgomery Street.



Mutual Funds

By ROBERT R. RICH

Dollars at a Discount

The basic appeal of the mutual funds to the small, medium-size and even bigtime investors is their diversity of commitments under the guidance of professional management. The growth in this country of a sophisticated investment community also has served to focus attention on the closed-end investment companies, many of which are dealt in on the New York Stock Exchange.

More analytical-minded than the generation that went before, today's investor often is attracted to the closed-end companies because of their bargain aspects—on the balance sheet. A spot check of such companies shows that more than 80% are selling at a discount from their asset value.

In a stock market where the number of equities on the bargain counter has been shrinking for over a year, the search for reasonable values is being intensified. Professional investment advisors and the new generation of serious investors (not to be confused with the prime customers of penny-stock never-never land promotions) have been discovering companies that are best known as manufacturers or minerals producers or railroads, yet are investment companies in their own right.

The more obvious are such companies as E. I. du Pont de Nemours & Co., which is contesting in the courts the Government demand that it give up its working control of General Motors, in which it owns two of every nine common shares, and Pennsylvania RR., which has working control of Norfolk & Western and innumerable other properties. Every now and then analysts will call attention to a situation (Pennsylvania is one) in which the worth of the company's holdings is greater than the going price of the stock. The fact that these stocks nevertheless go on selling at a mere fraction of their book value (Pennsy at a better than 80% discount) would indicate that their discovery provides no assurance that the stock market will, any time soon, translate asset value into market quotation. Insurance stocks, with their rich underlying portfolios, are prime examples of the availability of dollars at a discount.

Still, down the ages there have been misanthropes to contend that if you offered the man in the street free gold pieces, he'd turn away in scorn. This would appar to apply to Wall Street as well as Main Street. An example is Canada-based McIntyre Porcupine Mines, which produced in 1958 229,000 ounces of gold valued at over $8 million, yet is appraised at less than nothing in the market-place.

For the truth is that McIntyre, an imperial quart-size investment trust, could give away its deposits of gold, silver and cobalt, locked along with other metals beneath the soil of Canada, and still find itself appraised in Wall Street at less than asset value. Long shunned by Wall Street prospectors, the stock recently sold around 86, giving an indicated value to its 762,595 shares of $65,583,-170. At the close of 1958 the blue chips and other high-grade issues in McIntyre's rich portfolio toted up to $79,000,000, although carried on the company's books at $48,000,000. These holdings accounted for all but 15% ($387,000) of the $2,600,000 pre-tax profit. After-tax net was $2,300,000, equal to $3.04 a share.

Ask Wall Street investment counselors why they are so indifferent to a seemingly rare bargain and the answers may be summed up thusly: "Sure, McIntyre's a miner, but for all practical purposes it is an investment trust. Emphasizing the gold doesn't help—it hurts. Today investor psychology is inflationary and gold is shunned as a deflationary hedge."

To be sure, there are the occasional market students who live by the balance sheet. They admit that their views are not fashionable these days, but they expect to be in vogue again one day. And it may come sooner than they think, as the quest for hidden values is stepped up.

Common Stock Investing by Pension Funds

Corporation pension funds, responding to the rising market in equity securities, last year increased their purchases of common stocks while buying a smaller amount of corporate bonds. These funds, reports the Securities and Exchange Commission, bought $1.2 billion worth of stock in 1958, compared to $1 billion in 1957. Bond purchases dropped from $1.6 billion to $1.3 billion during the period.

The major holdings of the pension funds still consist of corporate bonds, which accounted for about 56% of their total assets. Common stock amounted to 27% of assets. In terms of market value, stocks held by corporate pension funds were valued at more than $9.5 billion or 39% of the funds' combined portfolios at the end of the year.

Total assets of the corporate pension funds increased by $2.8 billion during 1958 to hit a record high of $22.1 billion. Previous yearly rises were $2.7 billion in 1957 and $2.4 billion in 1956. These figures, as compiled by the SEC, do not include funds operated by unions or placed by insurance companies.

The Funds Report

Investors Stock Fund, Inc. (managed by Investors Diversified Services, Inc.) announces total net assets soared to $505,951,446, equal to $17.53 a share, on April 30. This was a jump of 33% from the asset value of $379,942,492, or $15.23 a share, on Oct. 31, 1958. The semi-annual report also stated that Investors Stock Fund's larger investments in the six-month period were in oil and gas issues, steel, electrical equipment and electronics, business and calculating equipment, and the chemicals.

* * *

Canadian Fund, Inc. reports net assets on April 30 amounted to $47,214,730, equal to $18.76 on each of the 2,516,516 shares. This compares with $39,009,481 and $16.13 a share on the 2,417,578 shares outstanding at April 30, 1958.

* * *

Bullock Fund Ltd. reports net assets at April 30 of $52,077,787, or $14.19 on each of the 3,668,373 shares against $34,854,419 and $11.54 a share on the 3,018,817 shares a year ago.

* * *

Dividend Shares, Inc. calculates net assets rose by April 30 to $271,687,817 from $249,535,889 on Oct. 31, 1958 and $219,269,885 at April 30, 1958. Net assets a share at latest report were $3.09, up from $2.85 last October and $2.61 a year earlier. Capital shares have increased at the latest tally to 87,920,794 from 87,531,971 in October and 84,145,292 in April, 1958.

* * *

Chase Fund of Boston reports that as of April 30 net assets were $10,746,277, equal to $13 a share, on 826,932 shares against $6,041,-492, $9.81 a share and 615,584 shares on Oct. 31, 1958.

* * *

Boston Fund, Inc., a leading balanced fund, reduced its holdings of common stocks to 65.3% of its assets during the three months ended April 30. Henry T. Vance, President, in announcing this, said holdings of convertible preferred stocks were increased during the quarter.

On April 30 net assets at market totaled $206,053,253, equal to $17.55 on each of the 11,741,449 shares. This compares with $197,-994,544, $17.25 a share and 11,474,997 shares on Jan. 31. On April 30, 1958, net assets were $152,760,645, equal to $15.12 a share on 10,105,275 shares.

* * *

American Mutual Fund reports net assets on April 30 amounted to $112,325,098, equal to $9.38 on each of the 11,973,095 shares outstanding. This compares with net assets a year earlier of $75,242,794, or $7.42 a share, on the 10,135,763 shares outstanding at that date.

* * *

Putnam Growth Fund net assets as of April 30 are stated at $11,048,000, equal to $16.78 a share. This compares with $3,-130,000, or $10.84 a share, on April 30, 1958. There were 658,625 shares outstanding in the latest reporting period against 288,710 shares a year earlier.

* * *

Incorporated Income Fund reports net assets at April 30 were $106,709,938, equal to $9.87 a share against $84,401,282 and $7.64 a share on April 30, 1958.

* * *

Total net assets of **T. Rowe Price Growth Stock Fund** on May 28 were $21,349,286 compared with $11,516,459 a year ago. Net asset value a share increased from $30.80 to $39.02. Number of shareholders rose from 2,948 to 5,058.

The board of directors elected Gordon P. Baird Secretary, Mrs. Margaret O. Young Assistant Secretary and Harold J. Head Assistant Treasurer.

In an illustrated, exhaustive 36-page pamphlet report, **National Securities & Research Corp.** announced that its **National Securities Series** of mutual funds had combined net assets at the close of the fiscal year (April 30) totaling $465,604,584, a rise of 51% from a year ago. During the year shares outstanding rose from 61,410,000 to 68,621,515 and shareowners increased from 158,205 to 176,719.

Highlight of the report is a forecast of a step-up of 8% in the rate of business outlay for new plant and equipment before the end of 1959. It adds: "Record average employment, the highest average hourly wage rates ever known, an upturn in weekly hours of work and reductions in unemployment will result in more personal income over the months ahead than this or any other nation has ever enjoyed."

This is seen contributing to new peaks for consumer expenditures and about a 6% rise in retail sales from 1958's record level.

* * *

Affiliated Fund, Inc. has chosen a unique method of demonstrating "the advantage of investing for capital and income growth rather than for a high current income." The stock of American Telephone & Telegraph was selected for the purposes of comparison because it normally gives a higher-than-average return but shows less-than-average capital and income growth.

The dividends paid by Affiliated Fund vary with business conditions while the disbursements made by America's premier investment company remained unchanged until this year when the stock was split 3-for-1 and the payout increased.

Period selected for comparison was one of generally rising security prices. As affiliated Fund notes: "It should not be construed as an indication of future results. The illustration should be considered in the light of Affiliated Fund's policy and objectives, and the characteristics and quality of its investments, and the quality of an investment in the stock of American Telephone & Telegraph Co. Comparative illustrations for other periods would have been in some instances more favorable and in some instances less favorable to Affiliated Fund."

Copley Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo.—John L. Ballard has been added to the staff of Copley and Company, 818 Seventeenth Street.

With Columbine Secs.

(Special to The Financial Chronicle)

DENVER, Colo. — LeRoy Fettinger is now with Columbine Securities Corp., 621 Seventeenth Street.

With F. S. Smithers

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—John M. Mackey is now with F. S. Smithers & Co., Russ Building. Mr. Mackey was formerly with the First Boston Corporation.

Dean Witter Adds

(Special to The Financial Chronicle)

SACRAMENTO, Calif.—Robert E. Erickson is now with Dean Witter & Co., 924 J Street.

Joins Merrill Lynch

(Special to The Financial Chronicle)

GREENSBORO, N. C.—Robert N. Waggoner is now with Merrill Lynch, Pierce Fenner & Smith, Incorporated, 120 North Greene Street.

Frank Knowlton Adds

(Special to The Financial Chronicle)

OAKLAND, Calif.—Edward H. Stephens has been added to the staff of Frank Knowlton & Co., Bank of America Building.

Our Reporter's Report

Hopeful but cautious, best characterizes the atmosphere around the investment market area these days. On the basis of performance of the corporate new issue market, things are looking up. The last two big public utility offerings have been ringing successes.

But the shadow of the squeeze in which the Federal Treasury finds itself continues to hang over the general picture along with the spectre of possibly firmer money rates in the months ahead.

The market and investors appeared to be reconciling themselves to the latter prospect and it seems that the new markup in Federal Reserve rediscount rates now in process of crystallizing through the system is so much water over the dam.

Unquestionably the trend in that direction had been widely anticipated in recent months and, to that extent had been discounted marketwise. The new level being instituted for member bank borrowings at the central banks around the country does little more than bring it into line with other money rates.

Now, if the administration and the Treasury will clear the air by moving quickly to ask Congress for the changes which they believe necessary in ceilings on public debt and interest rates which the government may pay on its securities investors, institutional and otherwise, might be able to shape their programs for a while ahead.

What Buyers Seek

People with money for fixed term investment, and that includes the institutions, pension funds and trusts, obviously are primarily interested in the return afforded by an issue, plus safety of principal.

This appears clearly indicated by the brisk reception accorded the last two big public utility offerings brought to market. Theretofore, bankers and prospective issuers had been disposed to concessions, such as five or ten-year, non-callable provisions.

But both Consolidated Edison Co.'s 30-year, 5⅛s and Public Service Electric & Gas Co.'s 5⅛s, are subject to call at any time if the market conditions change to dictate such a move. The former was priced to yield 5.05% and the latter 5%, both attracting wide demand.

Big Industrial Looms

The list of prospective new issues was swelled markedly when Philip Morris Inc., went into registration with the Securities and Exchange Commission to cover a projected offering of $40 million of 20-year debentures.

The purpose of this issue is to pay off bank loans and to put the company in funds to finance purchases of its major raw product tobacco.

Making available a maturity which is a bit on the rare side these days, and being a negotiated undertaking, this offering could test the market's mettle when it comes.

Letdown Ahead

Underwriters and distributors of new securities will enjoy an opportunity to work on inventories in the week ahead, judging by the slender nature of the list of new issue prospects.

Once again Monday is loaded with prospects but all of them relatively small and involving equities rather than debt securities. Many are outright speculations that may or may not reach market despite their places on the calendar.

The only sizable deal involves $25 million of new preferred stock being put up for bid on Tuesday by Duke Power Co. With a good market that one could attract several bids, it would appear.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—The cement industry, a growth industry, is having perhaps its greatest production year of all time.

The previous high output year was in 1956 with about 312,000,000 barrels. Department of Commerce experts say all indications are the 1959 output probably will reach 325,000,000 barrels. If Puerto Rico is included in the overall outlook, the production probably will be 330,000 barrels.

Things are going strong for the industry, and the outlook is favorable for the future. Recovery from the recession has taken place, and the industry is on sound ground. This does not mean, of course, that the industry is going to approach capacity production this year. Some plants will be busier than others, obviously depending on location and the amount of construction under way.

The United States Bureau of Mines reports that the capacity of cement plants in this country has increased 35% since 1955, with an additional 5% increase scheduled when current additions are completed. Against the 40% increase, it is expected that only a 25% increase in demand for all cement uses will result.

Impact of Highway Program

The greatly expanded highway construction program is a substantial contributing factor to the growing use of cement. Approximately 24% of all portland cement manufactured in the United States is used for highway and street purposes. Should the Interstate road program be slowed down after 1961 by the lack of funds, the industry would feel the slow down, but the primary and secondary road programs will continue using great amounts of cement. There is no threat to these road programs whatsoever, because they have priority over the Interstate system.

The American Road Builders' Association reports that while about 24% of all portland cement manufactured is used for highway purposes, about 70% of all asphalt output is devoted to highway purposes, and at least 50% of all sand and gravel commercially produced, and about 12% of the structural steel capacity is used for road purposes.

A number of other materials are used in considerable quantities in highway building, including clay pipe and tile, reinforcing steel, aluminum, lumber, timber pilings, paint and explosives.

The cement industry, while expanding, has its problems such as labor, need for new markets, over capacity and over production. There are some authorities in the industry apprehensive, despite the great year the industry is having, that over capacity could prove to be a headache in certain areas.

New plants are being opened all over the country. For instance, some 500 persons were in attendance at the dedication and formal opening of the Mississippi Valley Portland Cement Company's $5,000,000 plant May 5, near historic Vicksburg, Miss. It is designed to produce 2,000 barrels daily. After the dedication, lunch was served and tours of the plant were conducted.

Many of those present were among the 6,000-plus stockholders in four Southern States. The cement will move mostly by water transportation and will serve a compact market on the Lower Mississippi River. The Vicksburg plant is somewhat typical of the industry expansion taking place.

More Mergers Expected

While new plants are opening, "Rock Products," the industry's highly respected authority, after a comprehensive nationwide survey, states that industry leaders expect to see more mergers and very little diversification among companies now making cement.

"In general," said the publication, "they aren't alarmed about the mergers, but they are becoming progressively uneasy about diversification in reverse—that is, the invasion of the cement industry by manufacturers specializing primarily in other fields. The gist of the feeling is: We don't think diversification is good for the cement industry, either from inside or outside, because of its high degree of specialization."

Two primary reasons are the cause of further inevitable mergers. These are estate problems in the family-owned companies, and the inability of the very small companies to keep abreast with the technological advances of their competitors. Larger operations can afford specialists in manufacturing, marketing and other areas which make possible production and sale economies.

Other arguments advanced in favor of merger within the industry, according to the survey by "Rock Products," included: the way is cleared for a more uniform income within diversified geographic locations and thus not so sensitive to changing local conditions; with growing automation and mechanization, smaller companies will find it more difficult to obtain capital required for extensive modernization.

Anti-Merger Contentions

On the other hand there were a series of contentions advanced in opposition to mergers including: A well-located and well-managed one plant cement company in an industry requiring such heavy capital investment is a "virtual gold mine" and can stand forever — or at least as long as it remains alert and aggressive; in most mergers, the smaller company is submerged and its identity lost, and in some instances, a small, well-run independent can actually do a more efficient job of operation than can a large and unwieldy company.

It was because of the bright outlook for the portland cement industry within the next few years that 10 new cement plants were built in the United States last year, and two more in Canada. The Canadian producers, incidentally, expect to sell a substantial amount of cement to the United States. Each plant included high efficiency, high capacity equipment. Each plant was designed to process local raw materials to supply the local or regional market in the most economic manner possible.

Further Growth Indicated

"Rock Products" says its study shows that expansion will continue, but at a slower pace in the future. Six completely new plants are scheduled to go into production in 1959, and another half dozen in 1960.

The Department of Commerce agrees with the editor of "Rock Products," George C. Lindsay, that marked progress for the industry is a certainty for the future. He says industry members are enthusiastic over new phases to conquer in technical, management, sales and other fields of industry endeavor. They are going after these goals with vigor, and they are already rolling up favorable results, said Editor Lindsay.

"Automation throughout the entire cement-making process is on the increase," said he. "At least one company is using a digital computer. Most others are trying every conceivable control device they can get their hands on. More than ever before, maximum cement uniformity and quality are goals to be reached.

". . . There's a new attitude toward marketing and merchandising. Many question that more than a mere approach to new and exciting uses of concrete has been made. This field, they think, is wide open, particularly with future use of concrete in structures. Some insist that salesmen need a new sales philosophy.

"We're enthusiastic about the prospects of watching the industry make the progress it's determined to get."

Meanwhile, the National Bureau of Standards is doing considerable research and investigation on the cement products. The fast developing missile and aircraft development programs need new and improved heat-resistant coatings, metals and alloys. For some time the Bureau has been investigating the preparation and properties of heat-resistant concretes, commonly known as refractory castables.

As an outgrowth of the research there has been construction of missile-launching concrete pads at Cape Canaveral, Florida.

[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.]

Anthony Marshall With Butler, Herrick & Marshall

Anthony D. Marshall, former American Consul at Istanbul, Turkey, has become associated with Butler, Herrick & Marshall, 30 Broad Street, New York City, members of the New York Stock Exchange. Mr. Marshall will be in charge of research activities. He is a stepson of the late Charles H. Marshall, former senior partner of Butler, Herrick & Marshall.

A. C. Allyn Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Stephen S. Head has been added to the staff of A. C. Allyn and Company, Incorporated, 122 South La Salle St.

BUSINESS BUZZ

"If the United States Government can't live within its budget, how do you expect me to live within mine?"

Business Man's Bookshelf

Balance Sheet of the De Gaulle Administration, June 3, 1958-Feb. 5, 1959—Press and Information Division, French Embassy, 972 Fifth Avenue, New York 21, N. Y.

Current Economic Comment, May 1959, containing articles on New Dimensions of Monetary Policy; Nature and Significance of Operations Research; Merged AFL - CIO Federation; Rate Making and the Transportation Act of 1958; Effect of Growth of Consumer Credit on Purchasing; Minimum Wages as a Deterrent to Union Organization (Experience in the British Clothing Industry)—Bureau of Economic and Business Research, University of Illinois, Box 658, Station A, Champaign, Ill. (paper).

Emergency Planning — A Case Study for Banking Institutions —New York State Bankers Association, 405 Lexington Avenue, New York 17, N. Y. (paper).

Expanding Private Enterprise for Free World Economic Growth—Ralph I. Straus — New York Chamber of Commerce, 65 Liberty Street, New York 5, N. Y. (paper).

Federal Funds Market—A Study by a Federal Reserve System Committee — Board of Governors of the Federal Reserve System, Washington, D. C. (paper).

Hotel Operations in 1958—Operating Ratios for 100 Hotels Located in 53 Cities—Horwath & Horwath, 41 East 42nd Street, New York 17, N. Y. (paper).

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

Mutual Savings Banking, Annual Report—National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y.

Package Design Engineering — Kenneth Brown—John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, N. Y.

Program for Peace in Europe—Text of address by Christian A. Herter, Secretary of State—Public Service Division, Bureau of Public Affairs, Department of State, Washington 25, D. C.

Publications of the OEEC—First Supplement to the General Catalogue: Books Published in 1958 — Organization for European Economic Cooperation, Suite 1223, 1346 Connecticut Avenue, N. W., Washington 6, D. C.

Yearbook of Railroad Information, 1959 Edition—Eastern Railroad Presidents Conference, 143 Liberty Street, New York 6, N. Y. (paper).